



Action Electronics Co., LTD.

2020 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Annual Report is available at: <http://mops.twse.com.tw>

Corporate website: [//www.action.com.tw](http://www.action.com.tw)

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I 、 Letter to Shareholders :

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

Dear Shareholders:

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:

1.1.2020 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	Operating Income	1.59%	0.27%
		Net profit before tax to capital	2.67%	2.26%
	Net Profit to Sales		3.40%	3.60%
	EPS(NT\$)		0.17	0.20

1.2. 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.

1.3.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

1.4.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.

Action Electronics Co.,Ltd

Chairman : Peng, Ting Yu

General Manager : Hsu, Wen-Tang

Accounting Officer : Lei, Shih-Yun

II. Company Profile

2.1 An Introduction to the Company

(一) Date of Establishment : July 21, 1976

Address&Telephone of Headquarter

Address: No.198 Zhongyuan Rd.,Zhongli Dist, Taoyuan City, Taiwan R.O.C

Telephone : (03)451-5494

(二) Company History

- 1976: Officially founded with the approval of the Ministry of Economic Affairs, with a capital of 2.5 million.
The clock radio ACN-001 was successfully developed, and the first batch of 10,000 units was produced and exported to Australia.
- 1977: The shareholders' meeting approved an increase in capital to NT\$5 million.
The company's spirit is promulgated as: sincerity, harmony, aggressive, action, and innovation.
- 1978: Purchased the Taipei office, located in Huibao Building, Section 1, Keelung Road.
Increased capital to NT\$7.5 million.
- 1979: The first factory (the film and television factory) was established, with an area of 1009 square meters.
The shareholders' meeting approved a capital increase of NT\$4.5 million, and the capital amounted to NT\$12 million.
- 1980: The capital increase reached NT\$18 million.
The bonded factory was approved for establishment in December and took over at the end of the year.
- 1981: The capital increased to NT\$28 million.
Develop a portable audio device, and make the product level enter another field.
- 1982: The capital increased to NT\$45 million.
Purchased 2 units of automatic board plug-in machines is the beginning of automation.
Accepting Telefunken's commission to produce high-end audio products to enhance the company's quality image.
- 1983: Developed multifunctional wireless telephones.
- 1984: Increased capital to NT\$60 million.
Vigorously expand domestic sales and actively establish its own brand.
- 1985: Leading the successful development of dual-cassette audio.
The successful development of the world's smallest three-in-one (radio, recording, TV) is the beginning of our company's involvement in TV production and sales.
- 1986: The capital increased to NT\$80 million.
Mini TVs are extremely popular, and they have successfully entered the American market and as well as the Europe.
- 1987: Increased capital to NT\$134 million.
Black-and-white TV shines in the European market.
Successfully developed a 6-inch small color TV.
Purchased 11,086 square meters of land in Zhongli Industrial Zone, and moved the Taipei office to the office which is located in the 6th and 7th floors of No. 67 Minquan East Road immediately.
- 1988: Increased capital to 184 million.
Reinvested in Malaysia and established ACTION INDUSTRIES (M) SDN. BHD.
Established a new factory (information factory) on the newly purchased land in Zhongli Industrial Zone, and used it as the head office to produce information products, while the old factory (film and television factory) mainly produced film and television products.
Purchased SMT surface bonding machine to produce high-precision, slim and short products.
- 1989: Reinvested in Malaysia and established Action Asia Holdings (Ma) Co., Ltd. to engage in the development of industrial parks.
Accept SONY commission to produce 100,000 mini TV radios.
Successfully developed 8mmVCR color TV combination.
Purchased the 4th floor office building at No. 67 Minquan East Road.
- 1990: Increased capital to NT\$350 million for IPO.
Successfully developed a 14-inch Super VGA color computer monitor.
Leading the development and production of portable color TV player combinations, and successfully were sale worldwide.
- 1991: Revenue grew substantially to NT\$1.8 billion, breaking the record over past 15 years.
Leading the development of a 10-inch color computer monitor.
- 1992: Revenue growth has reached NT\$2.19 billion.

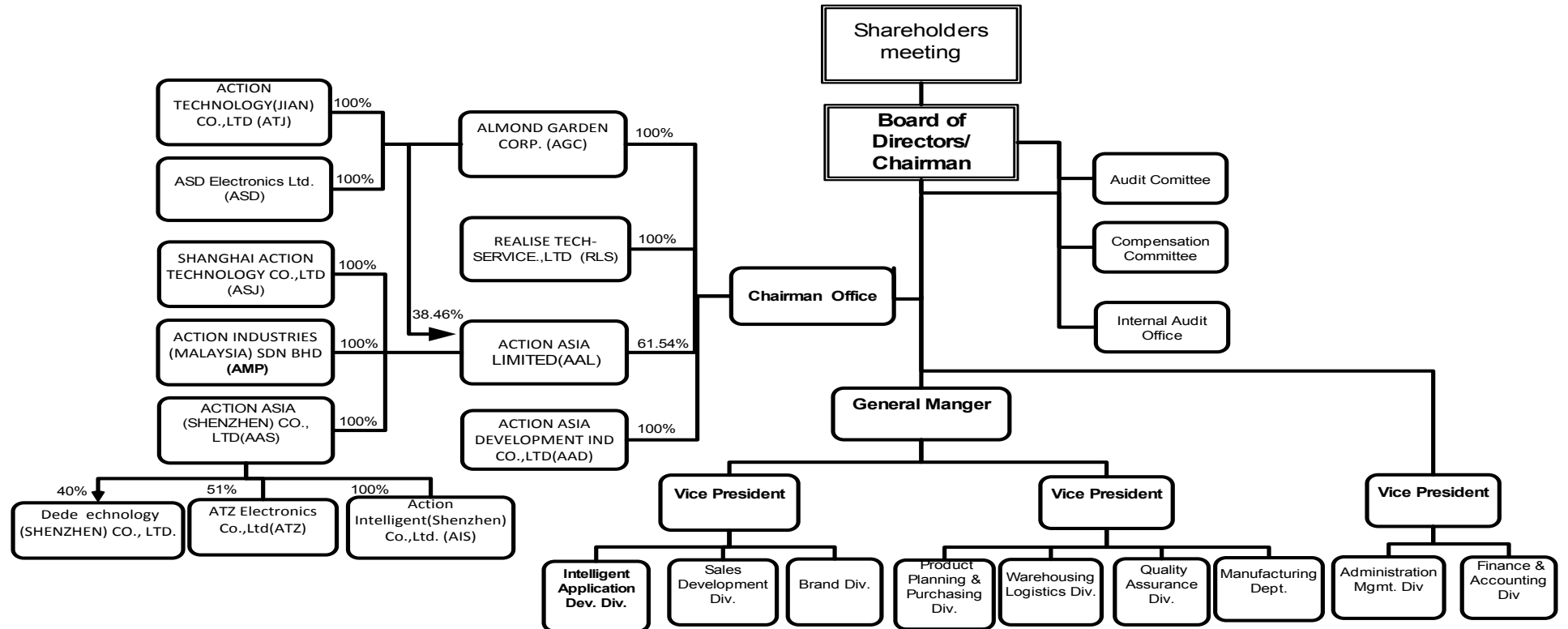
- Reinvested USD 800,000 in Action American Co., Ltd.
Developed a 10-inch Super VGA color computer monitor.
- 1993: Completed development of 4-inch LCD TV and 15-inch and 17-inch color computer monitors.
Reinvested in ASD Electronics Limited (Group) Co., Ltd in Hong Kong. and entrusted the company to indirectly invest in Action Asia (Shenzhen) Co., Ltd.
Increased investment in the capital of American Action Limited Co., Ltd. and make shareholding up to 100%.
Revenue broke record and reached NT\$2.5 billion.
The earnings and public reserves were transferred to increase capital, and the capital amounted to NT\$504.03 million.
The film and television studio was awarded the ISO 9002 certification registration.
- 1994: The earnings and public reserves were transferred to increase capital, and the capital reached to NT\$583 million.
Obtained subsidies from the Ministry of Economic Affairs to develop new products to improve technology level.
Completed development of 6-inch LCD TV.
- 1995: The earnings and public reserve were transferred to increase capital, and the capital reached to NT\$599.907 million.
Moved the Taipei office to the Zhongli head office to improve efficiency and reduce costs.
Establish an operating committee, composed of major cadres, and achieve the planned goals by the consensus of the team.
- 1996: The earnings were transferred to increase capital, and the capital reached to NT\$629.902 million.
The reorganization of the film and television factory mainly focuses on optoelectronic products, with research, production and sales functions, and officially changed its name as Optoelectronic Plant.
Information Factory was awarded ISO-9002 certification.
The optoelectronic plant successfully developed the Japanese market and cooperated with TWINBIRD company in LCD TV series products.
- 1997: The earnings were transferred to increase capital, and the capital reached to NT\$709.330 million.
Established marketing bases in Europe and the United States one after another. The German Action Technology Company, the British Action Technology Company and the American Action Technology Company successfully established marketing channels based on their own brands.
Optoelectronic products have been developed successfully over past five years, with good performance both in revenue and profit, and become the company's most prospective product series.
- 1998: The company's application for stock trading to Taipei Exchange, (Referred to as TPEx) was approved, and it was officially listed for trading on May 26.
Cash capital increase and earnings were transferred to increase capital, and the capital reached to NT\$1.07 billion.
- 1999: The Optoelectronics Division passed ISO-14001 certification.
The earnings were transferred to increase capital, and the capital reached to NT\$1.167 billion.
ACTION TECHNOLOGY (Shanghai) CO.,LTD was integrated with factory and office, and the new building was completed and officially opened.
ACTION TECHNOLOGY (Shanghai) CO.,LTD passed ISO-9002 certification.
- 2000: The earnings were transferred to increase capital, and the capital reached to NT\$1.352 billion.
ACTION TECHNOLOGY (Shanghai) CO.,LTD increased its capital to US\$6 million and was awarded the Shanghai High-tech Enterprise Certification.
The Malaysian factory has passed the QS9000 international certification.
- 2001: The earnings were transferred to increase capital, and the capital reached to NT\$1.461 billion.
Action Asia (Shenzhen) Co., Ltd. won the Shenzhen Science and Technology Top 100 Award.
The company's chairman was awarded the DSPN Datuk by the head of state of Penang, Malaysia.
Cooperated with Japan's AKAI company to produce electronic music recording equipment.
- 2002: The application for stock trading to Taipei Exchange, (Referred to as TPEx) was successfully approved and transferred to IPO.
Action Asia (Shenzhen) Co., Ltd. reached a record of USD 10 million in monthly turnover for three consecutive months.
- 2003: The Group's production and sales value exceeded NT\$10 billion (equivalent to US\$300 million), and its profit also broke record and reached a new high.
Celebrated the 15th anniversary of reinvested in Action Asia (Malaysia) Limited Company and successfully approved of listing in Singapore stock market.
Action Asia (Shenzhen) Co., Ltd. has cooperated with China National Nuclear Corporation on joint production for ten years, and then moved to Baoan in July, and established Action Asia (Shenzhen) Co., Ltd. to expand operations.

- Issued NT\$800 million of convertible corporate bonds.
- 2004: Issued USD 35 million of overseas convertible corporate bonds.
Established Taiwan operations headquarters and officially opened.
Action Asia Holdings Company which was reinvested in Action Asia (Malaysia) Co, Ltd., was officially IPO on the Singapore stock market.
Ranked No.47 among the Top 50 Operating Performance by Common Wealth Magazine.
- 2005: Group revenue reached NT\$17.5 billion and profit was NT\$940 million.
Imported ERP system operation.
The Cultural Relics Museum of Action Electronics Co., LTD was established. and ranked No.22 among the top 50 fastest growing enterprise by Common Wealth Magazine.
- 2006: Celebrated the 30th anniversary of Action Electronics Co., LTD., cherish what we have and progress with the times.
Continuously developed new products and launched into the market.
Ranked No. 188. among the top 1000 manufacturing industries by Common Wealth Magazine.
- 2007: Ranked No.171 among the Top 300 groups in terms of net revenue.
Won the BBY Annual Outstanding Supplier Award.
Invested in the construction of a factory in Ji'an City, Jiangxi Province.
- 2008: Completed the factory construction of ACTION TECHNOLOGY (Ji'an) CO.,LTD in Ji'an City, Jiangxi Province and then began production and sales.
Developed new DPF_PCR products to sell into the market.
Ranked No.241 among the Top 1000 Manufacturing Industries by Common Wealth Magazine.
- 2009: Invested in 3C chain store operation including Zhen Kuang and Taiwan's Best Denki Co., Ltd., to enter the 3C channel.
Construct a domestic market in Mainland China.
Transformed as a technology service industry.
- 2010: Celebrated the 5th anniversary of ACTION ASIA (SHENZHEN) CO., LTD. moves to a new factory as moving forward into a new milestone.
Ranked No.243 among the Top 1000 Manufacturing Industries by Common Wealth Magazine.
ACTION ASIA (SHENZHEN) CO., LTD. invested DEDE TECHNOLOGY (SHENZHEN) CO., LTD
- 2011: Celebrated the 35th anniversary of Action Electronics Co., LTD., aimed to change the channel and becoming the BEST.
Launched a tablet dictionary of "Chinese Language and Culture Learning".
- 2012: Acquired the Japanese shareholding of Best Electric Distribution Company to dominate the operation, and tendered to merger the Kolin brand and the after-sales service maintenance company (Realise Tech-Service Co., Ltd) to establish a one-stop service in Taiwan's technology industry.
- 2013: SHANGHAI ACTION TECH CO., LTD transformed service as a warehousing industry to meet the mainland's warehousing needs; ACTION TECHNOLOGY (Shanghai) CO.,LTD(was renamed as ACTION COMMERCIAL AND TRADING (SHANGHAI)CO.,LTD to operate online sales and entered the mainland market with the brand Kolin, and launched new products into the third biggest major online shopping platforms "Yixun.com".
- 2014: The company won the 8th year of Taoyuan County Outstanding Enterprise Excellence Award.
Best Electric Co., Ltd. won the champion of B Group of Energy-saving Products Promotion and Energy-saving Performance Manufacturers.
- 2015: ACTION ASIA LIMITED withdrew from the Singapore stock market.
- 2016: Focus on profitability, adjust structure, activate assets, and strive to rationalize the stock price. The implementation of the mid-term business strategy has worked out and eventually ended five years of losses, the business switch has been successful, and the stock price has reached the level of net value per share by the end of the year.
- 2017: On December 25, the board of directors of the subsidiary company, Best Electric Co., Ltd., made resolution to end up the operation.
The Kolin brand has established a strategic partnership with Taiwan Heavy Industry Mitsubishi Group.
ACTION ASIA (SHENZHEN) CO., LTD. restarted the manufacturing of in-vehicle multimedia audio-visual products.
- 2018: ACTION ASIA (SHENZHEN) CO., LTD. established the R&D team of ACTION INTELLIGENT (SHENZHEN) VO.,LTD.
Acquired 51% shares of Chongqing Zhiqixin Electronic Technology Development Co., Ltd.
Taiwan Headquarters cooperated with the Land Development Board of Directors to approve the establishment of "ACTION ASIA DEVELOPMENT CO., LTD."
- 2019: ACTION ASIA DEVELOPMENT CO., LTD. held the groundbreaking ceremony of " ACTION ASIA SCIENCE & TECHNOLOGY PARK" on December 8th, Taoyuan Zhongli headquarters activated construction of Industry 4.0 industrial park.
ACTION ASIA (SHENZHEN) CO., LTD. won the 2019 Outstanding Mainland Taiwanese Businessmen Award.
- 2020: Officially launched AIOT smart home appliances, leading the industry in launching voice-activated smart coffee machines.

III、Corporate Governance Report

3.1.(1)Org. Chart

2020 ACTION GROUP Organization



(2) Each division's major task :

Division	Organization function
Audit Division	<ol style="list-style-type: none"> 1. Implementation and management of group audit plan. 2. Corporate governance and compliance with, laws and regulations. 3. Internal control and audit.
Chairman's Office	<ol style="list-style-type: none"> 1. Implementation of the group strategy. 2. Tracking achievement of annual plan and seven-rate promotion. 3. Risk control.
Finance& Accounting Division	<ol style="list-style-type: none"> 1. Accounting affairs operations. 2. Fund raising and effective use. 3. Control the risk of accounts receivable. 4. Announcement of stock affairs management and group information disclosure. 5. Risk management of foreign exchange.
Sales Division	<ol style="list-style-type: none"> 1. Competitive product intelligence collection in the same industry. 2. Achievement of revenue target and accounts receivable. 3. Channel development and customer relationship maintenance. 4. Sales and demand plan management on customer.
Administration Management Division	<ol style="list-style-type: none"> 1. Inheritance of corporate culture and maintenance of rules and regulations. 2. Establishment and management of information system. 3. Human resources and education training. 4. Environmental safety and health and asset management. 5. Maintenance of legal affairs, patents and intellectual property rights.
Brand Divison	<ol style="list-style-type: none"> 1. Brand promotion planning and implementation. 2. Integrate marketing tools and show quality improvement. 3. The establishment and maintenance of media relations, and the continuous release of news. 4. Expand the group and its brands visibility and cooperate with different industries.
Manufacturing Dept.	<ol style="list-style-type: none"> 1. Product assembly, testing and adjustment. 2. Improve production process and technology. 3. Control the manufacturing process to ensure product delivery and quality.
Quality Assurance Division	<ol style="list-style-type: none"> 1. Supplier evaluation and product quality assurance. 2. Application for various safety certificates and licenses of commodities. 3. Quality checking and random inspections for After-sales market. 4. Customer complaints and quality tracking and improvement for after-sales market. 5. Correction and remedial measures for major quality problems.
Warehousing& Logistics Dept.	<ol style="list-style-type: none"> 1. Warehouse logistics operation management and inventory control. 2. Commodity completeness maintenance and management, welfare products refurbishment management. 3. Review the part number of commodity. 4. Return processing during the online appreciation period.
Product Planning purchasing Div.	<ol style="list-style-type: none"> 1. Competitive product intelligence collection in the same industry. 2. Commodity procurement control and cost analysis. 3. Formulate product marketing strategy and pricing strategy. 4. Shipment operations, accounting and creditor's rights management. 5. Outsourcing logistics warehouse account management

3.2.Directors, Supervisors and Management Team

(一)Directors

2021/4/29

Unit : Share ; %

Title (Note1)	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected(Note2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 3)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	Peng, Ting-Yu	F	1090615	3 years	880614	4,045,451	1.26	4,281,983	1.55	-	-	-	-	1.Master at USC 2.President of Action Electronics Co.,Ltd 3.Consultant of TEEMA 4.Director, Next Generation Charity Association	1.Chairman of Action Industries(M) SDN.BHD 2.Chairman of ASD ELECTRONICS LIMITED 3.Director of Action Asia(Shenzhen)Co.,Ltd 4.Director of Realise Tech-Service Co.,Ltd 5.Director of SHANGHAI ACTION TECHNOLOGY CO.,LTD 6.Director of ALMOND GARDEN CORP. 7.Director of ACTION ASIA LIMITED.	Director	Peng Chiun-Ping	Father and Daughter	None
Director	ROC	Peng, Chiun-Ping	M	1090615	3 years	651217	17,798,895	5.53	20,589,303	7.43	5,222,766	1.88	-	-	Tamkang University 1.Bank of Communications 2.National Taxation Bureau of Taipei 3.Chairman of Action Electronic Co.,Ltd	1.President of Action Electronics Co.,Ltd 2.Chairman of SHANGHAI ACTION TECHNOLOGY CO.,LTD 3.Chairman of ACTION ASIA DEVELOPMENT IND CO.,LTD 4.Chairman of ALMOND GARDEN CORP. 5. Chairman of Action Industries(M) SDN.BHD 6. Director of Action Asia(Shenzhen)Co.,Ltd	Director	Peng Ting-Yu	Father and Daughter	None
Director	ROC	Chao, Teng-Pang	M	1090615	3 years	880614	1,357,820	0.44	1,442,820	0.52	0	-	-	-	Tamkang University 1.Santron Electronic Co.,Ltd 2. Chairman of Action Electronic Co.,Ltd	1. Chairman of Realise Tech-Service Co.,Ltd 2.Chairman of Action Technology(Jian)Co.,Ltd 3. Director of ACTION ASIA DEVELOPMENT IND CO.,LTD 4.Director of ASD ELECTRONICS LIMITED 5. Director of Action Industries (M) SDN.BHD 6. Director of SHANGHAI ACTION TECHNOLOGY CO.,LTD	-	-	-	-

Title (Note1)	National ity/ Place of Incorpor ation	Name	Gend er	Date Elected	Terms	Date First Elected(N ote2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholdin g by Nominee Arrangeme nt		Experience (Education) (Note 3)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relatio n	
Director	ROC	Hsu, Wen-Tang	M	1090615	3 years	1060615	1,000,000	0.36	1,003,000	0.36	2,000	-	-	-	EMBA,National Chengchi University Cooperative Economics ,NCHU VP of RaySun Electronics Corp.	1. Chairman of Action Asia(Shenzhen)Co.,Ltd 2.Chairman of Action Intelligent(Shenzhen) Co.,Ltd 3. Director of Action Technology(Jian)Co.,Ltd 4. Director of Action Industries (M) SDN.BHD 5. Director of DEDE TECHNOLOGY (SHENZHEN) CO., LTD. 6 Director of Clientron Corp.	None	None	None	None
Director	ROC	Liu, Chiu-Chi	M	1090615	3 years	1000624	2,098,249	0.76	3,086,000	1.11	74,000	0.03	-	-	Cheng-kung Senior Industial Commercial Vocational School Chairman of ING-KER Tech Ltd	1. Chairman of ING-KER Tech Ltd 2. Director of Action Technology(Jian)Co.,Ltd 3. Director of Realise Tech-Service Co.,Ltd 4. Supervisor of Action Asia(Shenzhen)Co.,Ltd	None	None	None	None
Director	ROC	Wen, Yu Mei	F	1090615	3 years	1090615	2,261,000	0.82	2,261,000	0.82	0	-	-	-	1.MBA NCCU 2.National Taipei College of business 3.Senior Manager of First Securities Inc. 4.Finance Manager of Taoyou Securities Inc	1. Chairman of You Yuan Lai Investment Ltd. 2.Chairman of Da Sheng Investment Co.,Ltd 3. Director of Action Technology(Jian)Co.,Ltd 4. Director of Action Asia(Shenzhen)Co.,Ltd	None	None	None	None

Title (Note1)	National ity/ Place of Incorpor ation	Name	Gend er	Date Elected	Terms	Date First Elected (Note2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholdin g by Nominee Arrangeme nt		Experience (Education) (Note 3)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relatio n	
Director	ROC	Peng, Hsiu-Yun	F	1090615	3 years	10906154	1,120,000	0.40	1,120,000	0.40	170,158	0.06	-	-	1.Business Management ,Pacific Western University 2.Director of Shanghai Federation of Taiwan Compatriots Deputy Chairman of Jiading District 3.Supervisor of Action Asia(Shenzhen)Co.,Ltd	1. Supervisor of SHANGHAI ACTION TECHNOLOGY CO.,LTD 2. Director and VP of Action Technology(Jian)Co.,Ltd	None	None	None	None
Director	ROC	Shin Chuan Yuan Investment Co.,Ltd		1090615	3 years	1090615	1,000,000	.036	1,000,000	0.36	-	-	-	-	-					
		Representiv e: Tsai, Jin Wan	M	1090615	3 years	1090615	0	0.00	0	0.00	-	-	-	-	1.Department of uiness Management of Saginaw Valley State University 2.Lecturer of National Open University 3.Chairman of SANYO WHISBIH GROUP EDUCATION FOUNDATION	1. Chairman of Shin Chuan Yuan Investment Co.,Ltd 2.Director of Dr.Chip Biotechnology Incorporation 3.Supersior of The Allied Association for Science Park Industiries 4. Director of Action Technology(Jian)Co.,Ltd	None	None	None	None

Title (Note1)	National ity/ Place of Incorpor ation	Name	Gend er	Date Elected	Terms	Date First Elected(N ote2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholdin g by Nominee Arrangeme nt		Experience (Education) (Note 3)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relatio n	
Independent Director	ROC	Tang, Peng- Chin	M	1090615	3 years	1090915	-	-	0	0.00	-	-	-	-	National Chung Hsing University, Accounting Dept. CPA Aduit Manger of MUSTANG Industrial Corp.	1. Independent Director of WW HoldingInc. 2. Independent Director of Genomics BioSci&Tech Co.,Ltd 3. Independent Director of Kingza International Co.,Ltd	None	None	None	None
Independent Director	ROC	Min, Kuei- Ling	F	1090615	3 years	1060615	-	-	-	-	-	-	-	-	Master of National Taiwan University of Science and Technology at Dept.of Finance AVP of RITEK Corp.	1.VP of My humble house Hospitality Management Consulting Co.,Ltd 2.Supervisor of Radiant Innovation Inc.	None	None	None	None
Independent Director	ROC	Yen, Tzong- Ming	M	1090615	3 years	1090615	-	-	-	-	5,587	0.00	-	-	1.Master of Soochow University Advanced study in Doctoral program of Finance, Wharton School of the University of Pennsylvania Commissioner of Hsinchu Science Park 2.Director of Maga Bills Finance Co.,Ltd 3.Visiting Professionor of Hsuan Chuang University 4.Vice Professionor of NCTU 5.Executive Director and consultant of ASPA) 6.Director of IASP	1.ndependent Director of Machvision Inc 2.Supervisor of Ablere Electronics Co.,Ltd 3.Consulant of Wholetech System Hitech Limited 4.Director of Hsinchu Kuang-Fu SeniorHigh school	None	None	None	None

Note 1: Institutional shareholders shall list the names and representatives of institutional shareholders separately (if it is a representative of a juridical person, the name of the juridical person should be indicated); and the following Table 1 should be filled in.

Note 2: Fill in the time of first serving as director or supervisor of the company. If there is any interruption, it should be noted.

Note 3: For the experience relevant to the current position, such as employment at an audit and certification accounting firm or an associated enterprise during the said period, the title and responsibilities shall be specified.

Note 4: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

Table 1:Major shareholders of the institutional shareholders

2021/ 04 /29

Name of Institutional Shareholders (Note1)	Major Shareholders (Note 2)
TA PO Investment Ltd Far Year investment Limited	Shareholding of Lee Li 31% Shareholding of Lai Chuanlong 93%

Note1 : If the director or supervisor is a representative of the Institutional shareholder, the name of Institutional shareholder should be disclosed.

Note2 : Major shareholders (Top ten) of an Institutional shareholder and its shareholding percentage should be disclosed. If the major shareholders of an Institutional shareholder are still Institutional shareholders, the table2 as below should be completed.

Note3 If the institutional shareholder is not a company, the names and shareholding ratio of shareholders to be disclosed are the names of people who contributed or donated the capital and the ratio of their contribution or donation.

Table 2 : Major shareholders of the Company's major institutional shareholders:None

(2) Professional qualifications and independence analysis of directors and supervisors

2021/04/29

Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Name (Note 1)																
Peng Ting-Yu			✓					✓	✓	✓	✓	✓		✓	✓	-
Peng Chiun-Ping			✓						✓	✓	✓	✓		✓	✓	-
Chao Teng-Pang			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Hsu Wen-Tang			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Liu Chiu-Chi			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Wen Yumei			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Peng Hsiu-Yun			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Representative: Tsai Jin wan Shin Chuan Yuan Investment Co.,Ltd			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Tang Peng-Chin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Min Kuei-Ling			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Yen Tzong-Ming			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a

subsidiary of the same parent.

6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: **not** a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(二) Information regarding Management Team

2021/ 04/29

Unit : share ; %

Title(Note 1)	Nationality	Name	Gender	Date elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark Note 3
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	ROC	Hsu, Wen-Tang	M	109.01.01	1,003,000	0.36	2,000	-	-	-	1.EMBA,National Chengchi University 2.Cooperative Economics ,NCHU 3.VP of RaySun Electronics Corp.	1.Chairman of Action Asia(Shenzhen)Co.,Ltd 2.Chairman of Action Intelligent(Shenzhen) Co.,Ltd 3. Director of Action Technology(Jian)Co.,Ltd 4. Director of Action Industries (M) SDN.BHD 5. Director of DEDE TECHNOLOGY (SHENZHEN) CO., LTD. 6 Director of Clientron Corp.	None	None	None	None
VP	ROC	Peng,Jeff Peng	M	105.01.26	0	0.00	-	-	-	-	1.Pepperdine University BMA CA, USA. 2.EMBA of Shanghai Jiao Tong University 3.CEO of Action Asia(Shenzhen)Co.,Ltd	1. Director of SHANGHAI ACTION TECHNOLOGY CO.,LTD 4. Director of DEDE TECHNOLOGY (SHENZHEN) CO., LTD 5.Director and CEO of AAD	None	None	None	None
VP	ROC	Wang,Chen-ching	M	109.10.12	-	-	-	-	-	-	1.Mater of University of Wisconsin 2.Soochow University 3.Chief Investment Officer of HongFuGroup		None	None	None	None
Accounting Officer	ROC	Lei,Shih-Yun	F	108.08.01	-	0.00	-	-	-	-	1.Accounting Master of Feng Chia University 2.Accounting Manager of Allied Industrial Corp Ltd., Deputy spokeswoman		None	None	None	None

Note1 : Information Regarding CEO、VP、AVP and head of Department should be disclosed and regardless of job title, any person whose position is equivalent to CEO,VP,AVP should be disclosed too.

Note2 : Disclosed the Job title and description if you have worked in Bake Tilly Clock & Co during the previous disclosure period

Note3 : Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

3.3、Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents

(1) Remuneration of Directors and Independent Directors

Unit : In NT\$ thousand

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) Note 11		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) Note 11		Remuneration from ventures other than subsidiaries or from the parent company (Note 12)
		Base Compensation (A) Note 2		Severance Pay (B)		Directors Compensation (C) Note 3		Allowances (D) Note 4				Salary, Bonuses, and Allowances (E) Note 5		Severance Pay (F)		Employee Compensation (G) Note 6						
		The company	All companies in the consolidated financial statements(Note 8)	The company	All companies in the consolidated financial statements(Note 8)	The company	All companies in the consolidated financial statements(Note 8)	The company	All companies in the consolidated financial statements(Note 8)	The company	All companies in the consolidated financial statements(Note 8)	The company	All companies in the consolidated financial statements(Note 8)	The company		All companies in the consolidated financial statements(Note 8)		The company	All companies in the consolidated financial statements(Note 8)			
														Cash	Stock	Cash	Stock					
Chairman	Peng,Ting-Yu	0	0	0	0	241	241	145	548	0.84%	1.71%	2,502	2,787	0	0	0	0	0	0	6.27%	7.76%	None
Director	Peng,Chiun-Ping	0	0	0	0	241	241	105	2,210	0.75%	5.32%	902	2,436	0	0	0	0	330	0	2.71%	11.32%	None
Director	Chao,Teng-Pang	0	0	0	0	724	724	120	736	1.83%	3.17%	1,744	3,222	0	0	0	0	0	0	5.61%	10.16%	None
Director	Hsu,Wen-Tang	0	0	0	0	241	241	85	284	0.71%	1.14%	2,247	3,309	0	0	57	0	110	0	5.71%	8.56%	None
Director	Liu,Chiu-Chi	0	0	0	0	241	241	105	200	0.75%	0.96%	0	0	0	0	0	0	0	0	0.75%	0.96%	None
Director	Wen, Yu-Mei	0	0	0	0	0	0	65	541	0.14%	1.17%	0	0	0	0	0	0	0	0	0.14%	1.71%	None
Director	Peng, Hsiu-Yun	0	0	0	0	0	0	70	147	0.15%	0.32%	168	1,423	0	0	0	0	199	0	0.52%	3.84%	None
Director	Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai, Jin-Wan	0	0	0	0	0	0	55	55	0.12%	0.12%	0	0	0	0	0	0	0	0	0.12%	0.12%	None

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) Note 11		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) Note 11		Remuneration from ventures other than subsidiaries or from the parent company (Note 12)
		Base Compensation (A) Note 2		Severance Pay (B)		Directors Compensation (C) Note 3		Allowances (D) Note 4				Salary, Bonuses, and Allowances (E) Note 5		Severance Pay (F)		Employee Compensation (G) Note 6						
		The company	All companies in the consolidated financial statements(Note 8)	The company	All companies in the consolidated financial statements(Note 8)	The company	All companies in the consolidated financial statements(Note 8)	The company	All companies in the consolidated financial statements(Note 8)	The company	All companies in the consolidated financial statements(Note 8)	The company	All companies in the consolidated financial statements(Note 8)	The company		All companies in the consolidated financial statements(Note 8)		The company	All companies in the consolidated financial statements(Note 8)			
Independent Director	Tang,Peng-Chin	217	217	0	0	0	0	70	70	0.62%	0.62%	0	0	0	0	0	0	0	0	0.62%	0.62%	None
Independent Director	Min,Kuei-Ling	377	377	0	0	0	0	85	85	1.00%	1.00%	0	0	0	0	0	0	0	0	1.00%	1.00%	None
Independent Director	Yen,Tzong-Ming	217	217	0	0	0	0	70	70	0.62%	0.62%	0	0	0	0	0	0	0	0	0.62%	0.62%	None
Note1:Regardless of profit or loss of the Company, the remuneration of Independent directors will be paid at a fixed amount on a quarterly basis with a annual remuneration of NT\$400,000																						
Note2:Except as disclosed in the above table , The remuneration received by Directors from all consolidated entities in recently years for providing service:None																						

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company(Note 9)	Companies in the consolidated financial statements (Note 10)	The Company (Note 9)	Companies in the consolidated financial statements (Note 10)
Less than NT\$1,000,000	Peng Ting-Yu / Peng Chiun-Ping / Chao Teng-Pang/ Hsu Wen-Tang/ Liu Chiu-Chi /Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai Jin wan/ Wen Yu Mei /Peng Hsiu-Yun / Tang Peng-Chin/ Min Kuei-Ling/ Yen Tzong-Ming	Peng Ting-Yu /Hsu Wen-Tang / Liu Chiu-Chi /Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai Jin wan/ Wen Yu Mei / Peng Hsiu-Yun/ Tang Peng-Chin/ Min Kuei-Ling/ Yen Tzong-Ming	Liu Chiu-Chi /Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai Jin wan/ Wen Yu Mei / Peng Hsiu-Yun/ Tang Peng-Chin/ Min Kuei-Ling/ Yen Tzong-Ming	Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai Jin wan/ Wen Yu Mei / Tang Peng-Chin/ Min Kuei-Ling/ Yen Tzong-Ming
NT\$1,000,000 ~ NT\$2,000,000		Chao Teng-Pang	Peng Chiun-Ping	Peng Hsiu-Yun
NT\$2,000,000 ~ NT\$3,500,000		Peng Chiun-Ping	Peng Ting-Yu / Chao Teng-Pang / Hsu Wen-Tang	
NT\$3,500,000 ~ 5,000,000				Peng Ting-Yu / Hsu Wen-Tang / Chao Teng-Pang
NT\$5,000,000 ~ NT\$10,000,000				Peng Chiun-Ping
Total	11person(includeing 1 judicial person)	11person(includeing 1 judicial person)	11person(includeing 1 judicial person)	11person(includeing 1 judicial person)

Note1 : The names of directors should be listed separately (institutional shareholders should list the names of institutional shareholders and their representatives separately), and directors and independent directors should be listed separately, and the remuneration amounts to directors should be disclosed in a summary.If the director is also serving as General manager or VP, please fill in this form and the following table (3-1), or the following table (3-2-1) and (3-2-2).

Note2 : Refers to the salaries, duty allowances, severance pay, various bonus and incentives paid to the Director in the most recent year.

Note3 : Refer to the remuneration amount approved by BOD in the most recent years

Note4 : Refers to the amount of business execution fee for directors including travel expense, special disbursement, allowance, accommodation, company car and other physical items in the most recent years. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration.

Note5: Refers to the amount of employee compensation for managerial officers who are serving as directors (including CEO、VP or other Managerial officers and employee), including salary, various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note6 : Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers who

are serving as directors in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year. In addition, the table 1-3 should be completed.

Note7 : The total remuneration paid by all companies in the consolidated statements (including the Company) to directors must be disclosed.

Note8 : The total remuneration paid by the Company to General Manager and VP must disclose their name

Note9 : The total remuneration paid by all companies in the consolidated statements (including the Company) to General Manager and VP must disclose their name.

Note10 : The net income after-tax refers to the net income after-tax in the standalone financial statements for the most recent year.

Note11 : a.Specify the amount of remuneration received by director from ventures other than subsidiaries or from the parent company in this field (Please fill in "None" if none).

b.The remuneration amount received by directors from ventures other than subsidiaries or the Company, the amount shall be included in I column and change its name of Column into The parent Company and all its ventures.

c.The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by managerial officers who are serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

* The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

(2) The remuneration to Supervisor: None because The Company has established Audit Committee instead of supervisor.

(3) Remuneration of the President and Vice Presidents

Unit: NT\$ thousands														
Title	Name	Salary(A) (Note2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Remuneration from ventures other than subsidiaries or from the parent company (Note 9)
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidate d financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company		Companies in the consolidated financial statements (Note 5)		The company	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Hsu, Wen- Tang	5,089	7,332	0	0	0	0	95	0	343	0	11.25%	16.65%	None
VP	Peng,Jeff ery													
VP	Wang,Chen -ching													
Accounting Officer	Lei,Shih- Yun													

* Regardless of job title, any position equivalent to General Manager or VP(eg,President,CEO and Director etc.) should be disclosed

Range of Remuneration

Range of Remuneration of President and Vice President	Name of President and Vice Presidents	
	The Company(Note 6)	Companies in the consolidated financial statements (E) (Note 7)
Less than NT\$1,000,000	Wang,Chen-ching	Wang,Chen-ching
NT\$1,000,000 ~ NT\$2,000,000	Peng,Jeff / Lei,Shih- Yun	Lei,Shih- Yun
NT\$2,000,000 ~ NT\$3,500,000	Hsu, Wen-Tang	Hsu, Wen-Tang / Peng,Jeff

Note1 : The names of General Manager and VP should be listed separately, and the compensation amounts should be disclosed in a summary. If the director is also serving General Manager or VP, please fill in this form and the above form (1-1) or (1-2)

Note2 : Refers to the salaries, duty allowances, and severance pay paid to the General Manager and VP in the most recent year.

Note3 : Refers to the compensation paid to General Manager and VP, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year . Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note4 : Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for General Manager and VP in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year.

Note5 : The total remuneration paid by all companies in the consolidated statements (including the Company) to General Manager and VP must be disclosed

Note6 : The total remuneration paid by the Company to General Manager and VP must disclose their name

Note7 : The total remuneration paid by all companies in the consolidated statements (including the Company) to General Manager and VP must disclose their name.

Note8 : The net income after-tax refers to the net income after-tax in the standalone financial statements for the most recent year.

Note9 : a.Specify the amount of remuneration received by General Manager and VP from ventures other than subsidiaries
b.The remuneration amount received by General Manager and VP from ventures other than subsidiaries, the amount shall be included in E column and change its name of Column into all ventures.
c.The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by General Manager and VP who are serving as a director, supervisor or manager of

ventures other than subsidiaries or of the parent company.

* The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

(3) Managerial officers with the top five highest remuneration amounts in a TWSE/TPEX-listed company

Unit: In NT\$ thousand

Title	Name	Salary(A) (Note2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				(A+B+ C+ D) as a % of Net Income (%) Note 6)		Compensation Paid to Directors from non-consolidation affiliates or parent company (Note7)
		From the Company	From All consolidated Entities (Note5)	From Action	From All consolidated Entities (Note5)	From the Company	From All consolidated Entities (Note5)	From Action		From All consolidated Entities (Note5)		From the Company	From All consolidated Entities (Note5)	
								Cash	Stock	Cash	Stock			
General Manager	Hsu, Wen-Tang	2,248	3,309	0	0	0	0	57	0	110	0	5.00%	7.42%	None
VP	Peng,Jeffery	1,366	2,548	0	0	0	0	38	0	233	0	3.05%	6.03%	None
VP	Wang,Chen-ching	369	369	0	0	0	0	0	0	0	0	0.80%	0.80%	None
Accounting Officer	Lei,Shih-Yun	1,106	1,106	0	0	0	0	0	0	0	0	2.40%	2.40%	None

Note: Chen-ching Wang was onboard to VP position, effective Oct. 12, 2020 which is less than 1 year.

* Regardless of job title, any position equivalent to General Manager or VP (eg, President, CEO and Director etc.) should be disclosed

Remuneration Paid to General Manger and Vice President

Range of compensation paid to General Manager and Vice President	Name of General Manager and VP	
	From the Company (Note 6)	From all consolidated Entities (Note 7)
Less than NT\$1,000,000	Wang,Chen-ching	Wang,Chen-ching
NT\$1,000,000 (Included) ~ 2,000,000 (Not Included)	Peng,Jeffery / Lei,Shih-Yun	Lei,Shih-Yun
NT\$2,000,000Included) ~ 3,500,000 (Not Included)	Hsu, Wen-Tang	Peng,Jeff ery/ Hsu, Wen-Tang

Note1: Managerial officers with the top five highest remuneration amounts refers to managers at the Company, in which the standard for determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D).

Note2 : Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five remuneration amounts in the most recent year.

Note3 : Refers to the remuneration paid to the managerial officers with the top five remuneration amounts, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note4 : Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for Managerial officers with the top five remuneration amounts in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year.

Note5 : The total remuneration paid by all companies in the consolidated statements (including the Company) to managerial officers with the top five highest remuneration amounts must be disclosed

Note6 : The net income after-tax refers to the net income after-tax in the standalone financial statements for the most recent year.

note7 : a. Specify the amount of remuneration received by managerial officers with the top five remuneration amounts from ventures other than subsidiaries or from the parent company in this field (Please fill in "None" if none).

(4) Information Regarding Remuneration for Directors, Supervisors, General Manager and Vice Presidents in the Most Recent Two Fiscal Years:

1. Remuneration to Directors as a % of Net income

Unit : In NT\$ thousand

	2020		2019	
	From the Company	From all consolidated Entities	From the Company	From all consolidated Entities
Remuneration to Directors as a % of net income	24.08%	46.13%	14.56%	17.31%
Compensation to managerial officers as a % of Net income	11.25%	16.65%	10.04%	15.13%

Note: The Company established the Audit Committee instead of supervisors

approved by annual shareholders' meeting held on 24,2014, therefore no remuneration paid to supervisors

2. The policies, standards, and performance for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

① There remuneration to Directors was made in the Bylaw of corporate. Compensation to General Manager and VP was approved by BOD while appointed

② The compensation to directors and other key management personnel were determined by the Remuneration Committee of the Company and approved by Board of Directors in accordance with the individual performance and the market averages.

Names and distribution of management team assigned with employees' bonus

2021/04/29

Unit : In NT\$ thousand

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Total employees' profits sharing bonus to management team as a % of net income (%)
Managerial Officers	General Manager	Hsu, Wen-Tang	0	95	95	0.00%
	VP	Peng, Jeff Peng				
	VP	Wang, Chen-ching				
	Accounting Officer	Lei, Shih-Yun				

Note1 : Listed the names and job title of each managerial officers, but employee's profits sharing Bonus can be disclosed through a summary.

Note2 : Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and

ratio distributed last year. The net income after-tax refers to the net income after-tax in the standalone financial statements for the most recent year.

Note3 : Managerial officers refers to managers at the Company, in which the standard for determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003.

(1)General Manager and Equivalent posts

(2)VP and Equivalent posts

(3)Assistant VP and Equivalent posts

(4)Head of Financial Dept.

(5)Head of Accounting Dept.

(6) Other people handling corporate affairs and signature rights

Note4 : If directors, General managers and Vice President receive employee remunerations (including stock and cash), this table needs to be completed in addition to Exhibit 1-2

3.4、Implementation of Corporate Governance

(1)Operations of the Board of Director

A total of 6 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance rate in person (%) 【B/A】	Notes
Chairman	Peng Ting-Yu	6	0	100.00	1090615Reelected
Director	Peng Chiun-Ping	6	0	100.00	1090615Reelected
Director	Chao Teng-Pang	6	0	100.00	1090615Reelected
Director	Hsu Wen-Tang	6	0	100.00	1090615Reelected
Director	Liu Chiu-Chi	6	0	100.00	1090615Reelected
Director	Wen Yu Mei	4	0	100.00	1090615New office assumed
Director	Peng Hsiu-Yun	4	0	100.00	1090615New office assumed
Director	Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai Jin Wan	4	0	100.00	1090615New office assumed
Independent Director	Tang Peng-Chin	4	0	100.00	1090615New office assumed
Independent Director	Min Kuei-Ling	5	1	83.33	1090615Reelected
Independent Director	Yen Tzong-Ming	4	0	100.00	1090615New office assumed

Other matters to be recorded:

1.If the operation of the board of directors is under any of the following circumstances, the date, period, resolution contents, all independent directors' opinions and how the company handled with independent directors' opinions shall be stated:

(1) Matters listed in Article 14-3 of the Securities Exchange Act:

Convening date (period)	The content and the situation of the resolutions
March 24, 2020 The 1st time of Board of Directors in 2020	<p>Resolutions:</p> <ol style="list-style-type: none"> 1. Revised some of the texts of the "Rules of Procedure of Shareholders' Meeting". 2. The company regularly evaluates the independence of certified accountants. 3. Amend the measures of "Remuneration for Directors' Remuneration Committee and Audit Committee". <p>. Opinions of independent directors: No objections or reservations. . The way company handled with the opinions of independent directors: Not applicable. . After the chairman's confirmation with all the presented directors, the resolution was passed without objection.</p>
June 15, 2020 The 3 rd time of Board of Directors in 2020	<p>Resolution:</p> <ol style="list-style-type: none"> 1. The development project located in Zhongli's " ACTION ASIA SCIENCE & TECHNOLOGY PARK " is proposed to entrust the company's subsidiary " ACTION ASIA DEVELOPMENT CO., LTD. " to build up and sign the "Entrusted Development and Construction Contract". After review by the Audit Committee, resolved by the Board of Directors. <p>• Opinions of independent directors: No objections or reservations. • The way company handled with the opinions of independent directors: Not applicable. • After the chairman's confirmation with all the presented directors, the resolution was passed without objection.</p>
November 12, 2020 The 5th Board of Directors in 2020	<p>Resolutions:</p> <ol style="list-style-type: none"> 1. Proposal to formulate the company's "Board Performance Evaluation Measures". 2. Proposal to revise the company's " Organization Rules of Salary and Remuneration Committee ". 3. Proposal to revise the company's "Employee Remuneration Measures". 4. Resolutions on the remuneration of managers of the company and its subsidiaries. 5. Ratify the resolution of the subsidiary to issue "Employee Reward and Welfare Fund" to the manager. 7. Amend some text of the " Procedure Rules of the Board of Directors". 8. Revised the "Organization Rules of Audit Committee". <p>. Opinions of independent directors: No objections or reservations. . The way company handled with the opinions of independent directors: Not applicable. . After the chairman's confirmation with all the presented directors, the resolution was passed without objection.</p>
December 17, 2020 The 6th time Of Board of Directors in 2020	<p>Resolutions:</p> <ol style="list-style-type: none"> 1. In response to the development of ACTION ASIA SCIENCE & TECHNOLOGY PARK, the company applied to the bank for a fund-raising. 2. The company's endorsement guarantee for the subsidiary " ACTION ASIA DEVELOPMENT CO., LTD. ". 3. Proposal for capital increase on "ACTION ASIA DEVELOPMENT CO., LTD.". 4. 2020 annual accountant expenses, after review by the audit committee, and the resolution shall be made by the board of directors. 5. The company has set up a remuneration plan for the appointment of the directors of corporate governance. 6. Remuneration plan for the appointment of managers of subsidiaries. <p>. Opinions of independent directors: No objections or reservations. . The way company handled with the opinions of independent directors: Not applicable. . After the chairman's confirmation with all the presented directors, the resolution was passed without objection.</p>

Note: Each meeting of board of directors must have at least one independent director attended since 2020.

(2) In addition to the previous matters, is there any resolution of the Board of Directors that have been opposed or reserved by independent directors with records or written statements: The company have no such situation that independent directors have any objection or reservation to the resolutions of the Board of Directors.

2.Regarding the situation to carry out the resolution which related to interest avoidance for directors should be stated the name of the directors, the content of the proposal, the reasons for the interest avoidance and the circumstances of voting: There is no resolution of the Board of Directors related to interest avoidance.

3.The situation to carry out the self-evaluation by the Board of Directors of the company:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Evaluation result
Once per year	Performance evaluation from 2020/01/01 to 2020/12/31	Board of Directors	Internal self-evaluation by the board of directors	1. Participation in the operation of the company 2. Improvement the quality of board decisions 3. Board composition and structure 4. Director selection and continuous learning 5. Internal control 6. Other	Good
Once per year	Performance evaluation from 2020/01/01 to 2020/12/31	Board of Directors	Self-evaluation by individual directors	1. Mastery of company goals and tasks 2. Awareness of directors' responsibilities and participation in company operations. 3. Internal relationship management and communication. 4. Profession and continuous learning of directors. 5. Internal Control	Good

4. The objectives of strengthening the functions of the board of directors in the current and recent years (such as setting up an audit committee, enhancing information transparency, etc.) and evaluation of the implementation.

- (1) The company's board of directors has established an audit committee and a salary and remuneration committee, and other new functional committees will be set up in due course in the future.
- (2) When the company convening the meeting of the board of directors, report the current business status of the company to the directors and prepare relevant materials for the proposal. Directors need to further understand the proposal and have relevant personnel to provide information and explanations in a timely manner.
- (3) Actively provide information on various refresher courses to encourage directors to actively participate in various corporate governance courses.

(2) Operation of Audit Committee: Audit Committee established by the resolution of BOD in 2014 and 3 Independent Directors are members of Audit Committee A total of 6 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in person(B)	By Proxy	Attendance rate in person (%) 【 B / A 】	Remark
Independent Director	Tang, Peng-Chin	4	-	100.00	1090615New office assumed
Independent Director	Min, Kuei-Ling	5	1	83.33	1090615New office assumed
Independent Director	Yen, Tzong-Ming	4	-	100.00	1090615New office assumed

Other mentionable items

1. If the operation of the audit committee is in one of the following circumstances, the date, period, resolution of the board of directors, the resolution of the audit committee, and how the company handled with the audit committee's opinions shall be stated.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act. described as follows:

Convening date (period)	The content and the situation of the resolutions
March 24, 2020 First time assembly of Audit Committee	1. The deliberations on 2019 business report and financial statements (including consolidated statements). 2. The proposal on 2019 profit distribution. 3. The resolution on 2019 internal control statement. 4. Amendment on 2020 Annual Audit Plan. . Opinions of independent directors: No objections or reservations. . The way company handled with the opinions of independent directors: Not applicable. . After the chairman's confirmation with all the presented directors, the resolution was passed without objection.
May 12, 2020 Second time assembly of Audit Committee	1. Audit on business execution report in the Q1 of 2020.
June 15, 2020 Third time assembly of Audit Committee	1. The development project located in Zhongli's " ACTION ASIA SCIENCE & TECHNOLOGY PARK " is proposed to entrust the company's subsidiary "ACTION ASIA DEVELOPMENT CO., LTD." to build up and sign the "Entrusted Development and Construction Contract". After review by the Audit Committee, the resolution shall be made by the Board of Directors. . Opinions of independent directors: No objections or reservations. . The way company handled with the opinions of independent directors: Not applicable. . After the chairman's confirmation with all the presented directors, the resolution was passed without objection.
August 11, 2020 Fourth time assembly of Audit Committee	1. Audit on business execution report in the Q2 of 2020.

Convening date (period)	The content and the situation of the resolutions
November 12, 2020 Fifth time assembly of Audit Committee	1. Review 2021 Annual audit plan by Audit Committee. 2. Amend the "Organizational Rules of the Audit Committee". 3. Amend the "Rules of Procedure of the Board of Directors". 4. The deliberations on company's account receivables, other receivables, prepayments, refundable deposits, and other overdue circumstances. . Opinions of independent directors: No objections or reservations. . The way company handled with the opinions of independent directors: Not applicable. . After the chairman's confirmation with all the presented directors, the resolution was passed without objection.
December 17, 2020 Sixth time assembly of Audit Committee	1. In response to the development of ACTION ASIA SCIENCE & TECHNOLOGY PARK, the company applied to the bank for a fund-raising. 2. The company's endorsement guarantee for the subsidiary " ACTION ASIA DEVELOPMENT CO., LTD. ". 3. Proposal for capital increase on "ACTION ASIA DEVELOPMENT CO., LTD.". 4. 2020 annual accountant expenses, after review by the audit committee, and the resolution shall be made by the board of directors. . Opinions of independent directors: No objections or reservations. . The way company handled with the opinions of independent directors: Not applicable. . After the chairman's confirmation with all the presented directors, the resolution was passed without objection.

(2). Except for the previous matters, other matters that have not been approved by the Audit Committee and approved by more than two-thirds of all directors. No such situation.

II. The implementation status of independent directors' interest avoidance shall state the name of the independent director, the content of the proposal, the reason for the interest avoidance, and the voting situation: The company has no such situation.

III. Communication situation among independent directors and internal audit supervisors and accountants (for example, matters, methods and results of communication on the company's financial and business conditions, etc.):

1. The communication between independent directors and internal audit supervisors:
 - (1) Independent directors review internal audit operations and audit tracking progress and reports every month.
 - (2) Internal audit reports to independent directors in the audit committee quarterly, fully communicates the execution and effectiveness of the audit operation, and answers inquiries on issues of concern to independent directors. The communication situation is as follows:

Meeting date	Nature and content of communication subject	Independent Director's Suggestion
March 24, 2020	Report on the implementation of internal audit operation in Q4 of 2019.	The independent directors have no opinions and no suggestions.
May 12, 2020	Report on the implementation of internal audit operation in the first quarter.	The independent directors have no opinions and no suggestions.
August 11, 2020	Report on the implementation of internal audit operation in the second quarter.	The independent directors have no opinions and no suggestions.
November 12, 2020	Report on the implementation of internal audit operation in the third quarter.	The independent directors have no opinions and no suggestions.

2. Communication between independent directors and accountants:

Meeting date	Nature and content of communication subject	Independent Director's Suggestion
November 17, 2020	The accountant communicates with the board members on key matters related to corporate governance and auditing financial statement.	The independent directors have no opinions and no suggestions.
March 24, 2020	The implementation status of accountant's annual financial statement audit plan, risk assessment, key issues communicate with the board members and discuss corporate governance related issues.	The independent directors have no opinions and no suggestions.

(三)Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Explanation	
1、 Does Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices	V		In order to establish a good corporate governance system, in addition to complying with laws and regulations, as well as contracts and related regulations signed with the Stock Exchange (TWSE), the company follows the principles of corporate governance: 1. Establish an effective corporate governance structure, protect the rights and interests of shareholders, strengthen the functions of the board of directors, exert the functions of the audit committee, respect the rights and interests of stakeholders, and enhance information transparency. 2. The relevant provisions of the Code of Practice for Corporate Governance, such as internal control system, subsidiary supervision and management measures, and rules of procedure for board meetings, are all handled in accordance with the provisions of the Code of Corporate Governance, so there is no difference from the "Code of Practice for Corporate Governance for IPO & OTC Companies".	None
2.Shareholding Structure & Shareholders’ Right (1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly (2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	V V V		(1) The company has formulated internal major information handling procedures and measures, and has spokespersons and legal personnel to handle shareholder’s suggestions and disputes, all of above can resolve shareholder issues. (2) The company keeps mastering on the company's directors, managers and major shareholders holding more than 10% of the shares of the company, and masters the list of major shareholders and ultimate controllers as much as possible through the previous shareholder registers. The unit responsible for stock affairs and stakeholder relations maintains a good interactive relationship with major shareholders, and pays attention to important matters that may cause share changes. (3) The operation, business, and financial transactions between the company and the affiliated companies are all formulated operation management methods, and facilitate to establish the internal control system, and the duties, powers and accountabilities of the company and the affiliated companies are clearly divided, and appropriate firewall of risk assessments are constructed. (4) In May 2019, the board of directors of the company approved the revision of the	None

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Explanation	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		management measures for major information processing procedures, which included the prevention of insider trading measures, prohibiting insiders and managers from using undisclosed information on the market to buy and sell securities and as well as the company's official website.	
3、Composition and Responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	V		(I) In accordance with the "Code of Practice for Corporate Governance", the company formulates and implements a diversified policy for the members of the board of directors, and the situation that individual directors implement the diversified implementation of the board: According to the company's operations and directors' expertise, the groupings are as follows: 1. Directors of the management and leadership decision-making group: Chairman Peng Tingyu, Directors Peng Junping, Zhao Dengbang, Xu Wentang, Liu Qiuqi, Wen Yumei, Peng Xiuyun, Cai Jinwan, etc., hold monthly management committees to discuss improvement measures based on operating results and performance. Make records and track the situation of improvements. 2. Directors of Industry Knowledge and Financial Accounting Group: Chairman Peng Tingyu, Directors Peng Junping, Zhao Dengbang, Xu Wentang, Liu Qiuqi, Wen Yumei, Peng Xiuyun, Cai Jinwan, etc. 3. Establish a promotion group for asset activation, led by director Peng Junping, with members including Zhao Dengbang, Wen Yumei, etc., to review the promotion situation monthly. 4. Among three independent directors, Tang Pengjin' possesses CPA license, Min Guiling and Yan Zongming are specialized in economics and financial management (one of them is a female) 5. The composition of the board of directors of the company is based on the "Corporate Governance Code", paying attention to gender equality and generally possessing the knowledge, skills and literacy necessary for performing duties; currently there are nine directors, three independent directors, 27% of employees, and 36% of female members.	None
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	V		(II) The company has established a Salary and Remuneration Committee, an Audit Committee, and other functional committees. Other functional committees have not yet been planned by the company. They will be set up based on the company's operating scale and needs. (III) The company's board of directors passed the "Performance Evaluation Measures"	None
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results				None

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons																														
	Yes	No	Explanation																															
as reference for directors’ remuneration and renewal?	V		in November 2020 and selected the head of corporate governance to conduct regular evaluations on directors’ performance every year since 2020. The evaluation results will be reported to the board of directors in March 2021 and used in the " "Directors and functional committee remuneration payment method" for reference.	None																														
(4) Does the Company regularly evaluate its external auditors’ independence?			(IV) The company regularly evaluates the independence of certified accountants every year and submits it to the audit committee for review and the board of directors for approval. On March 29, 2021, the company evaluated the independence of Zhengfeng Certified Public Accountants, and its evaluatin items as follows:																															
			<table><tr><th>Evaluation Items</th><th>Result</th><th>independ dence</th></tr><tr><td>1. Not hired by the company or any related enterprise.</td><td>No</td><td>Yes</td></tr><tr><td>2. Not a director or supervisor of the company or any its affiliates.</td><td>No</td><td>Yes</td></tr><tr><td>3. Not themselves, their spouse, minor children or with other natural person shareholders who hold more than 1% of the total issued shares of the company or the top ten shareholders.</td><td>No</td><td>Yes</td></tr><tr><td>4. Not a spouse, Second-class relatives, or immediate family members within the third class of the person listed in 1~3.</td><td>No</td><td>Yes</td></tr><tr><td>5. Not a director, supervisor or employee of a legal person shareholder who directly holds more than 5% of the total issued shares of the company, or a director, supervisor or employee of the top five shares holding among legal person shareholders.</td><td>No</td><td>Yes</td></tr><tr><td>6. Not Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a specific company or organization that does not have financial or business dealings with the company.</td><td>No</td><td>Yes</td></tr><tr><td>7. Not a spouse or relative relationship with other directors.</td><td>No</td><td>Yes</td></tr><tr><td>8. There is no one of the conditions in Article 30 of the Company Law.</td><td>No</td><td>Yes</td></tr><tr><td>9. Not a representative of government, legal person or</td><td>No</td><td>Yes</td></tr></table>		Evaluation Items	Result	independ dence	1. Not hired by the company or any related enterprise.	No	Yes	2. Not a director or supervisor of the company or any its affiliates.	No	Yes	3. Not themselves, their spouse, minor children or with other natural person shareholders who hold more than 1% of the total issued shares of the company or the top ten shareholders.	No	Yes	4. Not a spouse, Second-class relatives, or immediate family members within the third class of the person listed in 1~3.	No	Yes	5. Not a director, supervisor or employee of a legal person shareholder who directly holds more than 5% of the total issued shares of the company, or a director, supervisor or employee of the top five shares holding among legal person shareholders.	No	Yes	6. Not Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a specific company or organization that does not have financial or business dealings with the company.	No	Yes	7. Not a spouse or relative relationship with other directors.	No	Yes	8. There is no one of the conditions in Article 30 of the Company Law.	No	Yes	9. Not a representative of government, legal person or	No	Yes
Evaluation Items			Result		independ dence																													
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4. Not a spouse, Second-class relatives, or immediate family members within the third class of the person listed in 1~3.			No		Yes																													
5. Not a director, supervisor or employee of a legal person shareholder who directly holds more than 5% of the total issued shares of the company, or a director, supervisor or employee of the top five shares holding among legal person shareholders.			No		Yes																													
6. Not Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a specific company or organization that does not have financial or business dealings with the company.			No		Yes																													
7. Not a spouse or relative relationship with other directors.	No	Yes																																
8. There is no one of the conditions in Article 30 of the Company Law.	No	Yes																																
9. Not a representative of government, legal person or	No	Yes																																
4、 Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including	V																																	

Assessment Items	Implementation Status(Note1)					Non-implementation and its reasons
	Yes	No	Explanation			
but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?			elected by the company as stipulated in Article 27 of the Company Law.			None
			10. Not in a position palying the company's directors, managers or may have significant influence on auditing cases within two years.	No	Yes	
			11. Shall not be involved in the management function of the company for decision making.	No	Yes	
			12.The term of appointment of a certified accountant has not exceeded 7 consecutive years.	No	Yes	
			IV. The board of directors of the company has approved and elected the "Corporate Governance Chief Coordinating Related Business" to be responsible for matters related to corporate governance in November 2020, information required by directors and independent directors, information required to assist directors in performing business, and to hold a meeting of board of directors and co-work with related matters of shareholder meetings in accordance with the laws and regulations, etc.			
5、Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		(I) The company has set up an investor area on the company website, instructing to communicate with stakeholders including investor relations, stock affairs, etc.; and provide spokesperson contact information on the website to appropriately respond to the concerning issues of stakeholders (including original manufacturer/ upstream suppliers, customers, shareholders/investors/banks, media, employees...) to set up a smooth communication channel. (II) There are communication channels for employees in the company's team, and employees can express their opinions via email or in written.			None
6、Has the Company appointed a	V		The company appointed Stock Affairs Agency of Yuanta Securities Co., Ltd. to handle stock affairs.			None

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Explanation	
professional registrar for its Shareholders' Meetings?				
7、 Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The company has set up a website to disclose the company's overview and financial information, and has dedicated personnel responsible for data maintenance and update. Company Website: http://www.action.com.tw	None
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) The company has set up spokespersons and acting spokespersons in accordance with the regulations, and designated dedicated personnel to collect company information, and be responsible for the disclosure of significant company information, and update the public information on the Market Observation Post system (MOPS) on time. (Currently, the company has not yet set up an English website)	None
(3)Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V		(3) At the end of the fiscal year, the company completed the financial statement within three months according to the law for the Audit Committee to review, and the board of directors recognized and announced the declaration. At present, the company and its affiliated companies still need to increase and train the accounting manpower in order to complete it within two months. The financial reports for the 1-3 quarters and the operating situations of each month will be published and declared a within the legal period.	None
8、 Has the Company disclosed other	V		1. Employees' rights and interests: The company abides by labor laws and regulations, and the appointment and dismissal, transfer, salary, rewards and punishments,	None

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Explanation	
information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?			<p>education and training of related employees are in accordance with the company's internal management system to protect the rights and interests of employees. In accordance with laws and regulations, an Employee Welfare Committee has been established, a pension system has been implemented, and group insurance for employees has been insured.</p> <p>2. Employee care: The company provides employee profit-sharing, year-end bonuses and other welfare measures, and protects the legitimate rights and interests of employees in accordance with the Labor Standards Law and other related regulations, provides complaints channels for employees, and set up a comprehensive online documentary management system that lists up various rights and obligations of employees and welfare items to regularly review the content of welfare and protect the rights and interests of employees.</p> <p>3. Investor relations: improve the transparency of operations, strive for the accuracy, completeness and real-time disclosure of information; stress corporate governance, formulate and disclose corporate governance-related codes; set up a spokesperson system, which is responsible for handling shareholder's suggestions and ensuring shareholder equality. The company website contains investor mailboxes and spokesperson contact information to maintain a healthy and harmonious relationship between the company and shareholders.</p> <p>4. Supplier relationship: The company has established Supplier Management Methods to ensure that the delivery time, quality and price of suppliers meet the company's needs, so that can keep a good relationship between each other.</p> <p>5. Rights of interested stakeholders: respect intellectual property rights, stress relationships with customers, and abide by laws and regulations.</p> <p>6. Implementation situation of risk management policies and risk measurement standards: The company adopts different strategies for different risks, formulates various internal regulations, and conducts risk assessment and management.</p> <p>7. Implementation situatin of customer policies; maintain stable and good relations.</p> <p>8. The company's purchase of liability insurance for directors; the company has purchased liability insurance for all directors of USD 3 million since May 2018, and it has been upgraded to USD 5 million from May 2019.</p>	
IX. Please explain the improved situation regarding the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year, and propose priority of strengthening items and measures for those that have not improved. (Those which are not included in the assessed company have no need to fill in) The 6th Corporate Governance Appraisal (2019 appraisal year) The improvement				

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Explanation	
of the company's unscored items is described as follows:				
Index content			Whether to improve	Description for those items haven't been improved
Have the company's internal rules been formulated and disclosed on the company's website that insiders such as company directors or employees are prohibited from using information that is not available in the market for profit?			Yes	On May 13, 2019, the company revised the company's internal material information processing procedures, and the measures included the prevention of insider trading and has been published on the company's website. And directors or employees have been informed with E-mail.
Has the company formulated a diversification policy for board members, and disclosed the specific management goals and implementation status of the diversification policy on the company's website and annual report?			Yes	In June 2020, the shareholders' meeting re-elected directors. The company has implemented the diversification policy in accordance with the instructions on page 25.

Note 1: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

(4)Composition, Responsibilities and Operations of the Remuneration Committee

Information Regarding the Members of Remuneration Committee

Title (Note 1)	Criteria Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independent Criteria (Note2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	Remark (Note 3)
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Tang Peng-Chin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	Yes
Independent Director	Min Kuei-Ling			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Yes
Independent Director	Yen Tzong-Ming			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Yes

Note1 : Title means director or Independent Director or others

Note2: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or

- supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
 10. Not been a person of any conditions defined in Article 30 of the Company Law.

Operations of the Compensation Committee

1、The Remuneration Committee composed of 3 members

2、Office Term of Remuneration Committee：6/15/2020~6/14/2023，A total of 5 (A)

Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance rate in person (%) (B/A)(Note)	Remark
Chairperson	Min, Kuei-Ling	5	0	100.00	109/06/15 New office assumed
Member	Tang, Peng-Chin	3	0	100.00	109/06/15 New office assumed
Member	Yen, Tzong-Ming	3	0	100.00	109/06/15 New office assumed

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Note：

- (1) If a member of the Compensation Committee resigned before the end of the year, the date of resignation should be indicated in the remarks column. The attendance rate (%) is calculated based on the number of Compensation Committee and the actual number of attendance during the period of their term.
- (2) Before the end of the year, if the Compensation committee is re-elected, both the new and old Compensation committee members shall be listed. Indicate in the remarks column whether the member is the reelected or new office assumed. Actual attendance rate (%) is calculated based on the number of meetings of the Compensation Committee and the actual number of attendances during his tenure

Convening date (period)	The content of the resolutions
March 24, 2020 First time assembly of Salary and Remuneration Committee	<ol style="list-style-type: none"> 1. The annual project regarding employee rewards and director remuneration distribution in 2019. 2. Amend the proposal regarding "Remuneration Payment Method for Directors, Remuneration Committee and Audit Committee". <p>. Opinions of independent directors: No objections or reservations. . The company's opinion on the Salary and Remuneration Committee was passed without objection after the chairman consulted all the presented directors.</p>
May 12, 2020 Second time assembly of Salary and Remuneration Committee	<ol style="list-style-type: none"> 1. The proposal regarding distribution amounts of employee remuneration by subsidiaries. 2. The proposal regarding the distribution amount of the directors' remuneration. <p>. Opinions of independent directors: No objections or reservations. . The company's opinion on the Salary and Remuneration Committee was passed</p>

	without objection after the chairman consulted all the presented directors.
Convening date (period)	The content of the resolutions
August 11, 2020 Third time assembly of Salary and Compensation Committee	<ol style="list-style-type: none"> 1. The annual project regarding manager employee rewards distribution in 2019. 2. Remuneration plan for the appointment of managers of important subsidiaries. <p>. Opinions of independent directors: No objections or reservations. . The company's opinion on the Salary and Remuneration Committee was passed without objection after the chairman consulted all the presented directors.</p>
November 12, 2020 Forth time assembly of Salary and Compensation Committee	<ol style="list-style-type: none"> 1. Formulate the company's "Board Performance Evaluation Measures". 2. Revise the company's "Organization Rules of Salary and Remuneration Committee". 3. Revise the company's "Implementation Method of Employee Remuneration". 4. Review proposal regarding the Remuneration of Managers for the company and its subsidiaries. 5. Ratification on the subsidiary company's granting of "Employee Reward and Welfare Fund" to the manager. <p>. Opinions of independent directors: No objections or reservations. . The company's opinion on the Salary and Remuneration Committee was passed without objection after the chairman consulted all the presented directors.</p>
December 17, 2020 Fifth time assembly of Salary and Compensation Committee	<ol style="list-style-type: none"> 1. In response to supervision and management of the corporate governance of the group companies, the revision of the "Operation Level Salary Standards" is regularly reviewed and used as a reference standard for the approval of the management level salary. 2. Set up a remuneration plan for the appointment of corporate governance directors. 3. Proposal regarding manager remuneration of subsidiaries. <p>. Opinions of independent directors: No objections or reservations. . The company's opinion on the Salary and Remuneration Committee was passed without objection after the chairman consulted all the presented directors.</p>

()Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Summary description (Note 2)	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note3)	V		1. The company upholds the business philosophy of "integrity, quality, service, innovation" and the principle of significance. While pursuing sustainable business and profitability, the company fulfills corporate social responsibility, attaches importance to the rights and interests of stakeholders, and pays attention to the environment, society and corporate governance. And incorporate them into the company's management policies and operating activities to achieve the goal of sustainable operation.	None
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		1. The company established the Foundation of Technology Culture and Education of Action to fulfill its corporate social responsibility and promote cultural and educational public welfare activities to give back to the society. In addition to the combination of technology and humanities, talent training, elite awards, care for disadvantaged groups, as well as the promotion of culture, education and public welfare activities. 2. Sponsor or promote various charity activities from time to time, and call on employees to participate together, and regularly report to the board of directors on the implementation and operational results. 3. Social care: Sponsor on the fund-raising concert of Ruth Special Educatin School in Taoyuan district, as well as the fundraising of nutritious lunches and educational funds for students. 4. Public welfare activities: Health seminars including "Instructions for the Rehabilitation and Treatment of Bone and Juncture for the Aged", "Health Food for Common Acupoints", "Experiences on Gastroesophageal Reflux Treatment" and other seminars will be held to share new knowledge and concepts of health and technology with the public.	None

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Summary description (Note 2)	
3.Environmental issues				
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(I) The company's home appliance products are entrusted to logistics companies for delivery. In addition to the delivery timeliness, in order to effectively prevent and control environmental pollution, logistics companies are required to adhere to high-quality management models on KPI and SOP and pay attention to environmental cleanliness.	None
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>(2) In recent years, energy shortages, man-made damage to the ecological environment, and global carbonization have become increasingly serious. The company continues to promote energy-saving and carbon-reduction measures to respond to the impact of environmental changes.</p> <p>1. Import office energy-saving equipment: use energy-saving and high-efficiency LED lamps, and install thermal sensor lighting devices in public areas and office rooms to effectively reduce electricity consumption. Air-conditioning and lighting equipment turn off the lights during daily commuting and noon breaks to avoid unnecessary energy waste.</p> <p>2. Resource Utilization and Recycle</p> <p>(1) Reuse of office resources: The office can recycle and dismantle resources for reuse, including information computer equipment and parts, and donate them to social welfare groups to process and recycle to reduce ecological loading.</p> <p>(2) Packaging materials are recycled and reused and environmentally friendly packaging materials are used. Classified management is carried out according to the nature of the packaging materials, and the empty cartons of components after IQC are reused in shipping packaging to reduce environmental and ecological damage.</p>	None

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Summary description (Note 2)	
<p>(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</p> <p>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</p>	V		<p>(3) The company currently collects climate-related issues and countermeasures for the potential risks and opportunities of climate change to the company now and in the future.</p> <p>(4) The company's current policies on greenhouse gas emissions, water consumption and total weight of waste, as well as energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management policies</p>	None
	V		<p>1. Adjust the air conditioner and set the constant temperature at 26 degrees according to the season to reduce the electrical loading. The company colleagues can turn off the computer, air conditioner and lighting power at will.</p> <p>2. All the office lighting use LED, which reduces the light heat and can achieve the purpose of energy saving.</p> <p>3. Advocate employees to use the stairs frequently instead of elevators.</p> <p>4. Water saving measures: The water supply device is equipped with a frequency converter to stabilize the water pressure, and the water saving valve is used to effectively reduce unnecessary water waste.</p> <p>5. Others: Continue to promote the Online Document Management System, reduce the amount of paper used, and use more recycled paper.</p>	None
<p>4、Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?</p>	V		<p>(I) The company complies with labor-related laws and regulations and follows international human rights conventions, and has working rules and related personnel management regulations, covering gender equality, working rights, and prohibition of any illegal discrimination and other human rights protection regulations.</p> <p>(II) The company has working rules and relevant personnel management regulations, which cover the basic wages, working hours, vacations, pension payments, labor and health insurance payments, occupational accident compensation, etc. of the employees hired by the company, all in compliance with the relevant provisions of the Labor Standards Law. Establish the Employee Welfare Committee which is operated by the elected employees to handle various welfare matters; the</p>	None
	V			None

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Summary description (Note 2)	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	v		company's remuneration policy is based on personal ability and the performance to the company's contribution. (III) The company provides employees a safe and secure working environment, and does comply with relevant laws and regulations, including the "Labor Safety and Health Law" and "Firefighting Management Measures", etc., and formulates related work rules to prevent occupational disasters; regularly (twice a year) hold the exercises of disaster emergency response according to fire control laws, handle all employees' health checks, and organize employee tours, etc. The company has set up an Employee Welfare Committee responsible for handling various welfare measures and subsidies for employees. The company also handles labor insurance, national health insurance and group insurance in accordance with the law to protect the rights and interests of employees and fully support the balanced development of their bodies, minds, and souls.	None
(4) Does the company provide its employees with career development and training sessions?	v		(IV) The company takes long-term talent cultivation as the key, and will plan and arrange various internal and external training programs based on organizational needs, departmental needs and individual needs of employees, to improve and update employees' knowledge and skills, and to establish abundant human capital. The development of career ability, taking into account the cultivation of core professional ability and the balanced development of employees' body, mind, and soul.	None
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	v		(V) The company pays attention to customer opinions. In addition to personal visits, the company website provides contact windows and e-mails of product maintenance service station. There is also a special area for stakeholders to provide channels for customer questions, complaints or suggestions. The company adheres to the principle of good faith on processing and giving feedback to protect the rights and interests of customers, and insured product liability insurance to protect the rights and interests of consumers.	None
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection,				

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Summary description (Note 2)	
occupational health and safety, or labor and human rights? If so, describe the results.			(VI) The company has set up a "Supplier Control Procedure" for the management of suppliers, which focuses on ensuring quality and product safety, and conducts regular and irregular audits on all suppliers with transactions, quality management and hazardous substance management. Assess the environmental protection, safety and health management system and performance of important suppliers, and use the company's influence to promote environmental protection and safety management on the company's major suppliers through the management of the supply chain to ensure that the suppliers comply with environmental protection, Safety and health related laws and regulations.	None
5、 Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		V	The company has not yet prepared the "Corporate Social Responsibility Report", and has not obtained the assurance or assured opinion of the third-party verification unit. The company will plan to handle related matters in the near future.	None
6、 Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies:None				
7、 Other useful information for explaining the status of corporate social responsibility practices:None				

Note 1:If the operational status is checked“Yes,” please explain the important policies, strategies, measures and implementations adopted. If the operational status is checked “No,” please explain the reasons and explain the plan to adopt related policies, strategies and measures in the future.

Note 2:If the CSR Report has been prepared, how can the CSR Report be accessed and the index page number be indicated in the Operational Status column instead.

Note 3:The principle of materiality refers to those who have significant environmental, social and corporate governance issues that have a significant impact on the company's investors and other stakeholders

(VI) The implementation status of integrity management and the differences and reasons for the integrity management code of listed companies

Evaluation Items	Operation status (Note 1)			The differences and reasons for the integrity management code of listed companies
	Yes	No	Summary description	
I. Formulate integrity operation policies and projects				
(I) Does the company formulate an integrity operation policy approved by the board of directors, and clearly specify the integrity operation policy and practice in regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the operation policy?	V		(I) The company has not formulated the "Code of Integrity Operation". The company's business philosophy and policy: with "The six spirits of enthusiasm, character, service, action, innovation, and return, etc; the definition is full of ideas, love for work, self-discipline, rigorous pursuit of truth and perfect, achieve work goals whatever they set, consistent with words and deeds, and don't make excessive promises; face problems bravely, don't make false or untrue explanations or prevarication; abide by company regulations and social norms, and handle internal and external relations with high ethical standards." Integrity management Philosophy, senior management and the board of directors are responsible for supervision to create a sustainable business environment for the company.	No significant difference
(II) Whether the company has established a risk assessment mechanism for dishonest conduct, regularly analyzes and evaluates business activities with a higher risk of dishonest conduct in the business scope, and formulates a plan to prevent dishonest conduct, and at least covers the precautionary measures for each action in the second paragraph of Article 7 of the "Code of Corporate Integrity Management applied on the listed IPO and OTC corporate"?	V		(II) The "Code of Ethical Conduct" formulated by the company requires that the ethical behavior of directors and managers prevent conflicts of interest, avoid opportunities for personal gain, confidentiality obligations, fair transactions, protect and appropriately use company assets, comply with laws and regulations, and encourage reporting any illegal or violation of the code of ethical conduct, disciplinary measures, etc., directors and managers lead all staff to implement relevant regulations and regularly review the implementation status to implement the integrity management policy.	No significant difference
(III) Have the company set up operating procedures, behavior guidelines, punishment and appeal systems for violations in the plan to prevent dishonest behaviors, and implement thoroughly, and regularly review the plan before revision?	V		(III) The company is committed to the establishment of corporate ethics and professional ethics, conceives for each other, creates a harmonious labor-management relationship with empathy, communicates labor-management opinions, formulates management methods and operating standards, and handles the dissatisfaction of relevant employees with punishment, improper management, suggestions and complaints of violations of relevant labor laws and regulations. In addition, employee's opinion box is set up to collect employee suggestions, expand communication, and safeguard the legitimate rights and interests of labor dispute parties based on the principles of legality, fairness, and timely handling.	No significant difference
II. Implementing integrity management				
(1) Does the company assess the integrity records of its counterparties and specify the integrity behavior clauses in the contracts signed with the counterparties?	V		(1) The contracts signed by the company and counterparties for transaction are based on the principle of good faith. If there is any violation, the agreement will ask the manufacturer to compensate for punitive liquidated damages.	No significant difference

Evaluation Items	Operation status (Note 1)			The differences and reasons for the integrity management code of listed companies
	Yes	No	Summary description	
<p>(2) Does the company set up a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board of directors regarding the integrity management policies, plans for preventing dishonest behavior, and supervision and implementation?</p> <p>(3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for appeal, and implement them thoroughly?</p> <p>(4) Whether the company has established an effective accounting system and internal control system for the implementation of integrity operation, and the internal audit unit draws up relevant audit plans based on the assessment results of the risk of dishonest behaviors, and checks the compliance situation of the plan for preventing dishonest behaviors accordingly, or entrust an accountant to perform the audit?</p> <p>(5) Does the company regularly organize internal and external education and training on integrity management?</p>	V	V	<p>(21) The company haven't set up a special unit but has professional managers to perform their duties as authorized, and has established a code of conduct for employees to implement the requirements of integrity operation, and the management team regularly reports the implementation status to the board of directors.</p> <p>(3) For those who possess interests and rights are dealing with the business, must inform the supervisors and avoid improper personal gain in advance to prevent conflicts of interest; when a board meeting has a conflict of interest with the directors, the directors shall withdraw from the meeting and not participate in the discussion and voting in accordance with the law.</p> <p>(4) The company's accounting system is based on the Company Law, Securities Exchange Law, Commercial Accounting Law, securities issuer financial statement preparation standards and other relevant laws and regulations, and is formulated according to the actual situation of the company's business; the internal control system are formulated and implemented in accordance with the "processing guidelines of "The public offering company establishes internal control system " and other relevant regulations. The audit department of the board of directors also regularly checks the compliance of the accounting system and internal control system, and reports to the board of directors on a regular basis.</p> <p>(5) Organize education, training and publicity for employees to fully understand the company's determination, policies, prevention plans, and the consequences of violations of integrity. And formulate employee grievance management methods to ensure communication between employees and the company, and establish a harmonious labor relations, and build consensus.</p>	
<p>III. The operation of the company's whistleblowing system</p> <p>(1) Does the company formulate a specific whistleblowing and reward system, and establish a convenient reporting channel, and assign appropriate acceptance personnel to the reported object?</p> <p>(2) Has the company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?</p> <p>(3) Does the company take measures to protect the whistleblower from being improperly treated as a result of the report?</p>	V	V	<p>(1) The operation of the company has always been carried out in a fair, just and open manner. If there is any problem, it can be reported to the supervisor directly by mail, telephone or directly.</p> <p>(2) The company adopts a confidentiality mechanism for the identity of the whistleblower and the unit that accepts the content of the report.</p> <p>(3) The company's measures to prevent the whistleblower from being improperly treated as a result of the report.</p>	No difference
<p>IV. Strengthen information disclosure</p> <p>Does the company disclose the content and promotion effect of its code of integrity management on its website and Market Observation Post System (MOPS)?</p>	V		At present, relevant information is disclosed on the public information platform of the Securities and Futures Bureau, and relevant information is disclosed according to laws and regulations.	No difference

Evaluation Items	Operation status (Note 1)			The differences and reasons for the integrity management code of listed companies
	Yes	No	Summary description	
V. If the company has its own code of integrity management based on the "Code of Integrity Management of Listed Companies", please state the difference between its operation and the code: The company has not yet formulated a code of integrity management, but there is no significant difference in the implementation of its business philosophy and policies in accordance with relevant regulations. It will be submitted to the board of directors to formulate measures in the near future.				
VI. Other important information that helps to understand the company's integrity management operations: (such as the company's review and revision of the integrity management code, etc.): None				

Note: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

(VII) If the company has formulated corporate governance codes and related regulations, it should disclose its inquiry methods:

The company has a public website. Under the project of the investor area on the webpage, there is a special area for corporate governance, and the "Articles of Association", "Ethical Standards of Conduct for Directors, Supervisors and Managers", "Endorsement Guarantee Measures", and "Fund Loan" "Procedures for working with others", "procedures for acquiring or disposing of assets", etc., are available for reference by the investing public and insiders.

(VIII) Other important information that is sufficient to enhance the understanding of the company's governance and operation conditions must be disclosed together:

1. The company's internal material information processing operating procedures: the company has set up the "Internal Material Information Processing Guidelines", which clearly regulates the company's internal material information processing and disclosure mechanism, and revised the relevant regulations to strengthen the prevention of insider transactions in 2019, as a director, manager and employees should follow the guidelines, and the amendments to the method has been passed with the approval of board on May 13.

2. Continuing Education/Training of Directors and Independent Directors and Accounting Officer in 2020 :

Title	Name	Onboard Date	Study Period	Host by	Course	Training Hours
Director	Liu, Chiu-Chi	100.06.24	109.08.20 109.09.02	SECURITIES&FUTURES INSTITUTE	Analysis of practical cases on the establishment of the crime of breach of trust by directors and supervisors and special crimes of breach of trust Discussion on Cases of Fraud in Enterprise Financial Statements	3H 3H
Director	Tsai, Jin Wan	106.06.15	109.12.15	TICA	Eastern Leaders Lecture "Focus on Emerging Industries and Invest in Taiwan"	2H

Title	Name	Onboard Date	Study Period	Host by	Course	Training Hours
Director	Peng, Hsiu-Yun	109.06.15	109.10.15 109.10.15 109.10.22 109.11.18	SECURITIES&FUTURES INSTITUTE	Matters to be complied with corporate governance and exercise of powers of the board of directors' Analysis and case study on transactions between directors and supervisors Discussion on the Salary Issues of Employees and Directors The meeting regarding prevention of insider trading and insider equity trading promotion in 2020	3H 3H
Director	Wen, Yu mei	109.06.15	109.10.15 109.10.15 109.11.18	SECURITIES&FUTURES INSTITUTE	Matters to be complied with corporate governance and exercise of powers of the board of directors' Analysis and case study on transactions between directors and supervisors Discussion on the Salary Issues of Employees and Directors	3H 3H 3H
Independent Director	Min, Kuei-Ling	106.06.15	109.05.12 109.10.23	SECURITIES&FUTURES INSTITUTE TAIWAN EXCHANGE	Directors' Responsibilities and Risk Management under the Latest Corporate Governance Blueprint 2020 Corporate Governance and Corporate Integrity Directors and Supervisors Promotion Conference	3H
Independent Director	Tang, Peng-Chin	109.06.15	109.09.22 109.10.22	TAIWAN INSTITUTE OF DIRECTORS SECURITIES&FUTURES INSTITUTE	The improvement of corporate governance responds to the risk of drastic change. The meeting regarding prevention of insider trading and insider equity trading promotion in 2020	3H
Independent Director	Yen, Tzong-Ming	109.06.15	109.08.20 109.09.02	SECURITIES&FUTURES INSTITUTE	Analysis of practical cases on the establishment of the crime of breach of trust by directors and supervisors and special crimes of breach of trust Discussion on Cases of Fraud in Enterprise Financial Statements	6H
Accounting Officer	Lei, Shih-Yun	108.08.01	109.12.24 109.12.25	ACCOUNTING RESEARCH AND DEVELOPMENT FOUNDATION	Accounting Supervisor Continuing Training Course Accounting, Corporate Governance, Professional Ethics and Legal Responsibility Professional Training Course.	12H

(IX) Matters that should be disclosed in the implementation of the internal control system:

1. Statement of Internal Control

Action Electronics Co., Ltd.
Declaration of Internal Control System

Date: March 29, 2021

Based on the results of self-check on the internal control system of the company in 2020, we hereby declare as follows:

- I. The company is sure that the establishment, implementation and maintenance of the internal control system is the responsibility for board of directors of the company and managers, and the company has established this system. Its purpose is to achieve the objectives of operation effectiveness and efficiency (including profit, performance and asset safety, etc.), reporting reliability, timeliness, transparency, compliance with relevant laws and regulations, and provide reasonability to ensure.
- II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once the defect is identified, the company will take corrective action.
- III. The company judges whether the design and implementation of the internal control system are effective in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Handling Guidelines for the Establishment of an Internal Control System by Public Offering Companies" (hereinafter referred to as the "Handling Guidelines"). The judgment items of the internal control system adopted in the "processing criteria" are based on the process of management control, which divides the internal control system into five components: 1. control environment, 2. risk assessment, 3. control operations, 4. Information and communication, and 5. Supervision. Each component includes several items. For the aforementioned items, please refer to the "Handling Guidelines".
- IV. The company has adopted the above-mentioned internal control system judgment items to check the effectiveness of the design and implementation of the internal control system.
- V. Based on the inspection results of the preceding paragraph, the company believes that the company's internal control system (including supervision and management for subsidiaries) as of December 31, 2020, includes understanding the effectiveness of operations and the extent to which the efficiency targets are achieved. The design and implementation of the internal control system that reporting is reliable, timely, transparent and complied with relevant laws and regulations are effective, which can reasonably ensure the achievement of the above objectives.
- VI. This statement will become the main content of the company's annual report and public prospectus, and will be published. If there are false or concealed content in the above disclosure, it will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Law.
- VII. This statement was approved by the company's board of directors on March 29, 2021. Among the 11 directors present, 0 of them held objections, and all of them agreed with the content of this statement and made this statement.

Action Electronics Co., Ltd

Chairman : Peng, Ting Yu

General manager : Hsu, Wen-Tang

2. If an accountant is entrusted to review the internal control system, the accountant's review report shall be disclosed: none.

(X) In the most recent year and as of the publication date of the annual report, the company and its internal personnel have been punished in accordance with the law, the company has imposed penalties on its internal personnel for violating the provisions of the internal control system, and if the results of the penalties may have a significant impact on the rights and interests of shareholders and the price of securities, the content of the punishment, main deficiencies and improvements shall be listed: none.

(XI) Important resolutions of the shareholders meeting and board of directors in the most recent year and as of the printing date of the annual report:

1. (1) Important Resolutions of the 2020 Annual General Meeting of Shareholders

Date	Conference Name	Important Resolutions
2020.06.15	2020 Annual General Meeting of Shareholders	First, Recognition matters I. Recognize the 2019 Business Report and Financial Statement case. II. Recognition of the Profit Distribution Table for 2019. Second, Discussion case I. Amendment to the "Rules of Procedure for Shareholders' Meeting". Third, Election matters Comprehensive re-election of directors. Forth, Other proposals Removal of restrictions on dedication of new directors and their representatives.

(2) Review of the implementation of important resolutions of the 2020 shareholders' meeting

Date	Important Resolutions
1. Recognition of the 2019 business report and financial statement proposal	After being approved by the shareholders' meeting, it will be announced in the Market Observation Post Station (MOPS) in accordance with regulations.
2. Recognition of the Profit Distribution Table for 2019	After being approved by the shareholders' meeting, it will be announced in the Market Observation Post Station (MOPS) in accordance with regulations. The distribution of cash profit dividends to shareholders was completed in August 2020.
3. Removal of restrictions on industry competition for directors	After being approved by the shareholders' meeting, it will be announced in the Market Observation Post Station (MOPS) in accordance with regulations.

2. Important resolutions of the board of directors

Date	Conference	Important Resolutions
2020.03.24	The first-time assembly of board of directors in 2020	1. Recognition of the 2019 business report and financial statements (including consolidated statements). 2. The distribution situation of employees' remuneration and directors' remuneration in 2019, through the cash payment proposal. 3. Recognition of the 2019 annual Profit distribution.

Date	Conference	Important Resolutions
		<p>4. The reasons for the holding of the company's 2020 shareholders meeting and related matters, the date and time of the ordinary shareholders meeting, the resolution, the period of closing the transfer, the acceptance of shareholder proposals, the period for the nomination of director candidates, and the announcement of the premises.</p> <p>5. Fully re-elect directors, propose and review the list of candidates for directors and independent directors.</p> <p>6. Removal of restrictions on industry competition for new directors and their representatives.</p> <p>7. Amend some of the texts of the "Rules of Procedures for Shareholders' Meeting".</p> <p>8. The resolutions to regularly evaluates the independence of certified accountants.</p> <p>9. The company's bank financing line extension case in the first half of 2020.</p> <p>10. Amend the resolution of "Remuneration Payment Methods for Directors, Remuneration Committee and Audit Committee".</p> <p>11. The resolution of 2019 internal control system declaration.</p> <p>12. Amend resolution of 2020 Annual audit plan.</p>
2020.05.12	The second time assembly of board of directors in 2020	<p>1. The company's report of group consolidated financial statement for the first quarter of 2020.</p> <p>2. The resolution on the remuneration distribution for directors in 2019.</p> <p>3. The proposal on distribution of employee remuneration by subsidiaries in 2019.</p>
2020.06.15	The third time assembly of board of directors in 2020	<p>1. The proposal to re-elect the fifteenth chairman of the board of directors of the company and the board election</p> <p>2. The appointment proposal of the 4th Salary and Remuneration Committee of the company, the board of directors resolved.</p> <p>3. The development project located in Zhongli's " ACTION ASIA SCIENCE & TECHNOLOGY PARK " is proposed to entrust the company's subsidiary "ACTION ASIA DEVELOPMENT CO., LTD." to build up and sign the "Entrusted Development and Construction Contract". After review by the Audit Committee, would be resolved by the Board of Directors.</p>
2020.08.11	The fourth time assembly of board of directors in 2020	<p>1. The consolidated financial statement for the second quarter of 2020.</p> <p>2. The resolution on distribution of employee remuneration for manager.</p> <p>3. Remuneration resolutions for managers of important subsidiaries.</p> <p>4. The company's bank financing extension in the second half of 2020, resolved by the board of directors.</p>

Date	Conference	Important Resolutions
2020.11.12	The fifth time assembly of board of directors in 2020	<ol style="list-style-type: none"> 1. The consolidated financial statement for the third quarter of 2020. 2. The proposal to formulate the company's "Board Performance Evaluation Measures". 3. The proposal to revise the company's "Organizational Regulations of Salary and Remuneration Committee". 4. The proposal to revise the company's "Implementation Measures of Employee Remuneration". 5. Resolutions on the remuneration of managers of the company and its subsidiaries. 6. Ratify the resolution of the subsidiary to issue "Employee Reward and Welfare Fund" to the manager. 7. The resolution to implement the award payment for the withdraw of overdue accounts receivable, proposed by subsidiaries. 8. Overdue circumstances such as accounts receivable, other receivables, prepayments, refundable deposits, etc., were reviewed by the audit committee and resolved by the board of directors. 9. The company's application for the financing line of Mega Bank, resolved by the board of directors. 10. Amend some of the texts of the "Rules of Procedure of the Board Meeting". 11. 2021 annual audit plan. 12. The proposal to amend the "Organizational Regulations of the Audit Committee".
2020.12.17	The sixth time assembly of board of directors in 2020	<ol style="list-style-type: none"> 1. In response to the development project of ACTION ASIA SCIENCE & TECHNOLOGY PARK, the company applied to the bank for a financing line, resolved by the board of the directors. 2. The company's endorsement guarantee for the subsidiary " ACTION ASIA DEVELOPMENT CO., LTD. ". 3. Proposal for capital increase on "ACTION ASIA DEVELOPMENT CO., LTD.". 4. 2020 annual accountant expenses, after reviewed by the audit committee, and the resolution shall be made by the board of directors. 5. In response to the corporate governance's supervision and management of the companies within the group, the company's "Operating Level Salary Payment Standards" were reviewed by the Salary and Remuneration Committee and resolved the board of directors. 6. The company set up a remuneration plan for the appointment of corporate governance directors. 7. Remuneration plan for the appointment of managers of subsidiaries. 8. 2021 annual operating plan, resolved by the board of directors.

Date	Conference	Important Resolutions
2021.3.29	The first time assembly of board of directors in 2021	<ol style="list-style-type: none"> 1. Recognition proposal on 2020 Annual Business Report and Consolidated Financial Statements and Individual Financial Statement. 2. Recognition proposal on 2020 profit distribution. 3. The resolution that the distribution payment of employees and directors' remuneration in 2020 will be issued in cash. 4. The agenda of the 2021 shareholders meeting and the acceptance of proposals from shareholders holding 1% of shares and other related matters, resolved by the board of the directors. 5. The company regularly evaluates the independence of certified accountants. 6. The proposal on Bank Finance Rollover in the first half of 2020, resolved by the board of directors. 7. The company applies for a financing line from First Bank, resolved by the board of directors. 8. Equity transfer of the reinvested company "Action Technology (Jian) Co., Ltd.", reviewed by the Audit committee, and resolved by the board of the directors. 9. The company intends to sell the common shares of Clientron Electronic Co., Ltd in the emerging stock market. 10. Overdue circumstances such as accounts receivable, other receivables, prepayments, refundable deposits, etc., were reviewed by the audit committee and resolved by the board of directors. 11. The proposal to revise the "Implementation Measures of Employee Remuneration". 12. The proposal to formulate the "Manager's Salary and Remuneration Measures". 13. Subsidiary's proposal on "Application for bonus bricks regarding accounts receivable" was reviewed by the Salary and Remuneration Committee and resolved by the board of directors. 14. Ratify the proposal of the subsidiary on the "Bargaining Award for Meritorious Merit between staff and Sanmin Construction" to be issued to the manager, were reviewed by the Salary and Remuneration Committee, and resolved by the board of directors. 15. 2020 Annual internal control system statement, reviewed by the Audit Committee, and resolved by the board of directors.

(X II)Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

(X III) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D in the recent Year and as of the Date of Printing of Annual Report: None

3.5、Information Regarding Independent Auditor:

(1) CPA's Fees

Accounting Firm	Name of CPA		Audit Period	Remark
Baker Tilly Clock&Co	Hsin-Liang Wu	Li-chen Peng	2020.01.01~2020.12.31	

Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason in the remark Column.

Unit : In NT\$ thousand

Category		Audit Fee	Non-audit Fee	Total
Amount				
1	Less than 2,000,000		30	30
2	2,000,000 (inclusive) ~ 4,000,000			
3	4,000,000 (inclusive) ~ 6,000,000	5,820		5,820
4	6,000,000 (inclusive) above			
5	8,000,000 (inclusive) above			

Unit : In NT\$ thousand

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					CPA audit's period	Remark
			System design	Company Registration	Human Resource	Others (Note2)	Subtotal		
Baker Tilly Clock&Co	Hsin-Liang Wu Li-chen Peng	5,820				30	5,850	2020.01.01~2020.12.31	

Note1: If CPA or the accounting firm is replaced for the Company this year, the auditing periods shall be listed separately. In addition, the reason for the replacement shall be indicated in the remark column and information on audit and non-audit public expenditure shall be disclosed

Note2 : List the content of non-audit fees separately. The "Others" category within the non-audit fee greater than 25% of the non-audit fee, the content of "Others" should be disclosed in the remark column .

Note3 : If the CPA Firm Changes, and the Audit Fee Paid in the Year of such Change Is Reduced from the Audit Fee of the Previous Year: N/A

Note4 : If the Audit Fee Is Reduced by More than 15% from Last Year: None

(2) If the CPA Firm Changes, and the Audit Fee Paid in the Year of such Change Is Reduced from the Audit Fee of the Previous Year, the Amounts of the Audit Fees Before and After such Change and the Reason of such Change Should Be Disclosed: None

(3) If the Audit Fee Is Reduced by More than 15% from Last Year, the Amount, Ratio, and Reason for the Reduction of the Audit Fee Should Be Disclosed: None

3.6、Information on the Replacement of CPAs : None.

3.7、The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did hold any positions in the Company's independent auditing firm or its affiliates during 2020:None

3.8、Status of Transfer of Stock and Changes in Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of Shares in the Latest Year and as of the Date of Printing of Annual Report:

(1)Net change in shareholding by Directors, Independent Directors, Management and shareholders with 10% shareholding or more

As of 4.29.2021

Unit : Share

Title (Note1)	Name	2020		As of 2021/3/31	
		Net Change in shares	Net Change in shares pledged	Net Change in shares	Net Change in shares pledged
Chairman	Peng, Ting-Yu	125,000	0	0	0
Director	Peng, Chiun-Ping	0	0	0	0
Director	Chao, Teng-Pang	30,000	0	0	0
Director and General manager	Hsu, Wen-Tang	303,000	0	-300,000	0
Director	Liu, Chiu-Chi		-1,200,000	74,000	0
Director	Wen, Yu-mei	0	0	0	0
Director	Peng, Hsiu-Yun	0	0	0	0
Director	Representative: Tsai, Jin wan Shin Chuan Yuan Investment Co.,Ltd	0	0	0	0
		0	0	0	0
Independent Director	Tang, Peng-Chin	0	0	0	0
Independent Director	Min, Kuei-Ling	0		0	0
Independent Director	Yen, Tzong-Ming	0	0	0	0
VP	Peng,Jeffery	-119,000	0	0	0
VP	Wang,Chen-ching	0	0	0	0
Accounting Officer	Lei, Shih- Yun	0	0	0	0

Note1 : Shareholders who hold more than 10% of the Company's shares are major shareholders.
List separately

Note2 : Shares trading or shares pledged with the related parties shall fill in the table as follow

(2)Shares Trading with the related Parties

1. The equity transfer of the company, directors, and supervisors is done in the market, and there is no relationship with the counterparty of the equity transfer.
2. The company has no shareholders who hold more than 10% of the shares.

(3)Shares Pledged with the Related Parties

1. The pledge of equity of the company, directors and supervisors; as of March 31, 2021, the pledge of equity of directors was zero.
2. Shareholders who hold more than 10% of the company's shares; None.

3.9、Relationship among The Company's 10 Largest Shareholders

2021/4/29

Unit : Share ; %

Name (Note1)	Shares Held		Share Helds By Spouse & Minor		Shares Held in the name of others		Relationship between the Company's top 10 shareholders who are either related parties, spouse, relatives within the second degree of Kinship. His/her/its name and relationship (Note3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Peng Chiun-Ping	20,589,303	7.43	5,222,766	1.88	-	-	Lee, LI Peng Ting-Yu	Spouse Farther and daughter	
TA PO Investment Limited Peng Jeffery	16,716,170	6.03	-	-	-	-	Lee, LI	Mother and son	
Hsu, Jin-Zhi	6,000,000	2.16	-	-	-	-	-	-	
Lee, LI	5,222,766	1.88	20,589,303	7.43	-	-	Peng Chiun-Ping Peng Ting-Yu Ta Po Investment Limited Peng Jeffery	Spouse Mother and Daughter Mother and son	
Peng, Ting-Yu	4,281,983	1.54	-	-	-	-	Peng Chiun-Ping Lee, LI	Father & Daughter Mother and daughter	
Ruizhi Investment Co., Ltd.	4,227,718	1.53	-	-	-	-	-	-	
Liu, Chiu Chi	3,086,000	1.11	-	-	-	-	-	-	
Wen, Yu mei	2,261,000	0.82	-	-	-	-	-	-	
SHUY, JIN-LU	2,223,717	0.80	-	-	-	-	-	-	
Liu, Kuanbai	2,203,000	0.79	-	-	-	-	-	-	

Notes1: List all shareholders who ranks top 10 in shareholding and specify the names of institutions and representative separately

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in their own name, spouse, minor children, or in the name of others.

Note 3: The shareholders listed in the previous disclosure, including judicial persons and natural persons, shall disclose their relationship in accordance with the issuer's financial report preparation standards.

3.10、Share Held by the Company, Directors, Supervisors, Managers and Companies Directly or Indirectly Controlled by the Company and the Comprehensive Shareholding ratio based on Combined Calculation:

Long-term investment ownership

4/29/2021

Unit : Share ;

Long-term Investments (Note)	Ownership by The Company		Ownership by Directors, Supervisors, Managers directly/indirectly owned subsidiaries		Total ownership	
	Shares	%	Shares	%	Shares	%
ACTION ASIA LIMITED	149,511,976	61.54%	93,452,231	38.46%	242,964,207	100.00%
ACTION INDUSTRIES (M) SDN. BHD.	-	-	13,200,000	100.00%	13,200,000	100.00%
SHANGHAI ACTION TECHNOLOGY CO.,LTD	-	-	140,840,981	100.00%	140,840,981	100.00%
ACTION ASIA (SHENZHEN) CO., LTD	-	-	33,711,997	100.00%	33,711,997	100.00%
Dede Technology (SHENZHEN) CO., LTD.	-	-	44,000,000	40.00%	44,000,000	40.00%
Action Intelligent (Shenzhen) Co., Ltd	-	-	400,000	100.00%	400,000	100.00%
ATZ Electronics Co., Ltd	-	-	1,895,670	51.00%	1,895,670	51.00%
ASD ELECTRONICS LIMITED	-	-	4,175,000	100.00%	4,175,000	100.00%
ALMOND GARDEN CORP.	14,500,000	100.00%	-	-	14,500,000	100.00%
ACTION TECHNOLOGY (JIAN) CO., LTD	-	-	78,264,775	100.00%	78,264,775	100.00%
REALISE TECH-SERVICE., LTD	6,000,000	100.00%	0	0	6,000,000	100.00%

Note1: The companies in above table are the investee companies under equity method, and shares of overseas investee companies were the same as the amount of their paid-in capital

Note2: The shares of overseas subsidiaries was calculated by paid-in capital in NT dollars

IV、Capital and Shares

4.1(1)Capitalization

1.Sources of Capital

As of 4.29.2021
Unit:NTD.,share

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-on Capital		Remark			
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital		CapitalIncreased by Assets Other than Cash	Other
						Sources of Capital	Amount(NT\$)		
65.07	1,000	3,000	3,000,000	2,500	2,500,000	Cash investment	2,500,000	None	None
66	1,000	8,000	8,000,000	5,000	5,000,000	Cash increase	2,500,000	None	None
67	1,000	8,000	8,000,000	7,500	7,500,000	Cash increase	2,500,000	None	None
68	1,000	12,000	12,000,000	12,000	12,000,000	Cash increase	3,000,000	None	None
						Shares of retained earning	1,500,000	None	None
69	10	2,000,000	20,000,000	1,800,000	18,000,000	Cash increase	6,000,000	None	None
70	10	5,000,000	50,000,000	2,800,000	28,000,000	Cash increase	10,000,000	None	None
71	10	5,000,000	50,000,000	4,500,000	45,000,000	Cash increase	11,960,000	None	None
						Transfer of capital reserve to new shares	5,040,000	None	None
73	10	8,000,000	80,000,000	6,000,000	60,000,000	Cash increase	5,550,000	None	None
						Shares of retained earning	9,450,000	None	None
75	10	10,000,000	100,000,000	8,000,000	80,000,000	Cash increase	14,000,000	None	None
						Shares of retained earning	6,000,000	None	None
76	10	20,000,000	200,000,000	13,400,000	134,000,000	Cash increase	54,000,000	None	None
77.07	10	20,000,000	200,000,000	18,400,000	184,000,000	Cash increase	33,950,000	None	None
						Shares of retained earning	16,050,000	None	None
79.09	10	60,000,000	600,000,000	35,000,000	350,000,000	Cash increase	116,320,000	None	None
						Shares of retained earning	19,890,000		
						Transfer of capital reserve to new shares	29,790,000		
81.12	10	60,000,000	600,000,000	43,950,000	439,500,000	Shares of retained earning	52,500,000	None	None
						Transfer of capital reserve to new shares	35,000,000		
						Transfer of employee dividends to new shares	2,000,000		

As of 04/29/2021

Unit:NTD.,share

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-on Capital		Remark			
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Amount (NT\$)	Capital Increased by Assets Other than Cash	Other
82.08	10	60,000,000	600,000,000	50,403,000	504,030,000	Shares of retained earning	43,950,000	None	None
						Transfer of capital reserve to new shares	17,580,000	None	None
						Transfer of employee dividends to new shares	3,000,000	None	None
83.09	10	60,000,000	600,000,000	58,300,000	583,000,000	Shares of retained earning	50,403,000	None	None
						Transfer of capital reserve to new shares	25,201,500	None	None
						Transfer of employee dividends to new shares	3,365,500	None	None
84.07	10	60,000,000	600,000,000	59,990,700	599,907,000	Shares of retained earning	9,911,000	None	None
						Transfer of capital reserve to new shares	6,996,000		
85.07	10	70,000,000	700,000,000	62,990,235	629,902,350	Shares of retained earning	29,995,350	None	None
86.07	10	73,000,000	730,000,000	70,933,027	709,330,270	Shares of retained earning	75,588,280	None	None
						Transfer of employee dividends to new shares	3,839,640		
87.10	10	150,000,000	1,500,000,000	107,000,000	1,070,000,000	Cash increase	256,380,000	None	None
						Shares of retained earning	99,306,230		
						Transfer of employee dividends to new shares	4,983,500		
88.08	10	150,000,000	1,500,000,000	116,991,000	1,169,910,000	Shares of retained earning	74,900,000	None	None
						Transfer of employee dividends to new shares	3,610,000		
						Transfer of capital reserve to new shares	21,400,000		
89.07	10	150,000,000	1,500,000,000	135,280,950	1,352,809,500	Shares of retained earning	81,893,700	None	None
						Transfer of employee dividends to new shares	7,413,000		
						Transfer of capital reserve to new shares	93,592,800		
90.07	10	150,000,000	1,500,000,000	146,169,350	1,461,693,500	Shares of retained earning	38,484,000	None	None
						Transfer of employee dividends to new shares	6,259,000		
						Transfer of capital reserve to new shares	64,141,000		
91.08	10	240,000,000	2,400,000,000	158,443,197	1,584,431,970	Shares of retained earning	78,887,665	None	None
						Transfer of capital reserve to new shares	43,850,805		
						Transfer of employee dividends to new shares	5,802,990		
92.07	10	240,000,000	2,400,000,000	193,106,403	1,931,064,030	Shares of retained earning	237,664,800	None	None
						Transfer of capital reserve to new shares	79,221,600		
						Transfer of employee dividends to new shares	29,745,660		
92.11	10	240,000,000	2,400,000,000	199,883,616	1,998,836,160	Domestic Unsecured Corporate Bonds into new shares	67,772,130	None	None

As of 04/29/2021

Unit:NTD.,share

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-on Capital		Remark			
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Amount (NT\$)	Capital Increased by Assets Other than Cash	Other
93.02	10	240,000,000	2,400,000,000	212,169,837	2,121,698,370	Domestic Unsecured Corporate Bonds into new share	122,862,210	None	None
93.05	10	240,000,000	2,400,000,000	214,401,612	2,144,016,120	Domestic Unsecured Corporate Bonds into new share	22,317,750	None	None
93.08	10	240,000,000	2,400,000,000	215,306,154	2,153,061,540	Domestic Unsecured Corporate Bonds into new share	9,045,750	None	None
93.10	10	450,000,000	4,500,000,000	246,506,069	2,465,060,690	Shares of retained earning Transfer of capital reserve to new shares Transfer of employee dividends to new shares	169,735,870 106,084,920 36,178,360	None	None
93.12	10	450,000,000	4,500,000,000	246,818,568	2,468,185,680	Domestic Unsecured Corporate Bonds into new share	3,124,990	None	None
94.02	10	450,000,000	4,500,000,000	247,266,481	2,472,664,810	Domestic Unsecured Corporate Bonds into new share	4,479,130	None	None
94.05	10	450,000,000	4,500,000,000	279,870,183	2,798,701,830	Domestic Unsecured Corporate Bonds into new share	326,037,020	None	None
94.07	10	450,000,000	4,500,000,000	314,764,112	3,147,641,120	Shares of retained earning Transfer of capital reserve to new shares Transfer of employee dividends to new shares	134,586,170 134,586,170 30,611,640	None	None
94.08	10	450,000,000	4,500,000,000	284,785,714	2,847,857,140	Domestic Unsecured Corporate Bonds into new share	49,155,310	None	None
94.11	10	450,000,000	4,500,000,000	315,783,951	3,157,839,510	Domestic Unsecured Corporate Bonds into new share	10,198,390	None	None
95.02	10	450,000,000	4,500,000,000	334,790,867	3,347,908,670	Domestic Unsecured Corporate Bonds into new share	19,006,916	None	None
95.05	10	450,000,000	4,500,000,000	336,713,739	3,367,137,390	Oversea Unsecured Corporate Bonds into new share	19,228,720	None	None
95.08	10	450,000,000	4,500,000,000	336,861,652	3,368,616,520	Oversea Unsecured Corporate Bonds into new share	1,479,130	None	None
95.07 95.09	10	450,000,000	4,500,000,000	373,863,373	3,738,633,730	Shares of retained earning Transfer of employee dividends to new shares Transfer of capital reserve to new shares	162,292,360 45,432,490 162,292,360	None	None

As of 04/30/2021

Unit:NTD.,share

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-on Capital		Remark			
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Amount (NT\$)	Capital Increased by Assets Other than Cash	Other
96.05	10	450,000,000	4,500,000,000	376,244,856	3,62,448,560	Oversea Unsecured Corporate Bonds into new share	23,814,830	None	None
96.07	10	450,000,000	4,500,000,000	354,235,856	3,542,358,560	Cancellation of treasury shares	220,090,000	None	None
97.09	10	450,000,000	4,500,000,000	370,794,349	3,707,943,490	Transfer of capital reserve to new shares	165,584,930	None	None
97.11	10	450,000,000	4,500,000,000	358,794,349	3,587,943,490	Cancellation of treasury shares	120,000,000	None	None
97.12	10	450,000,000	4,500,000,000	335,728,349	3,357,283,490	Cancellation of treasury shares	230,660,000	None	None
98.04	10	450,000,000	4,500,000,000	323,728,349	3,237,283,490	Cancellation of treasury shares	120,000,000	None	None
98.08	10	450,000,000	4,500,000,000	333,440,200	3,334,402,000	Transfer of capital reserve to new shares	97,118,510	None	None
98.11	10	450,000,000	4,500,000,000	322,143,200	3,221,432,000	Cancellation of treasury shares	112,970,000	None	None
100.09	10	450,000,000	4,500,000,000	331,657,496	3,316,574,960	Transfer of capital reserve to new shares	95,142,960	None	None
100.12	10	450,000,000	4,500,000,000	311,657,496	3,116,574,960	Cancellation of treasury shares	200,000,000	None	None
100.12	10	450,000,000	4,500,000,000	307,157,490	3,071,574,960	Cancellation of treasury shares	45,000,000	None	None
101.04	10	450,000,000	4,500,000,000	287,157,490	3,871,574,960	Cancellation of treasury shares	200,000,000	None	None
101.04	10	450,000,000	4,500,000,000	282,157,490	2,821,574,960	Cancellation of treasury shares	50,000,000	None	None
105.04	10	450,000,000	4,500,000,000	277,157,490	2,771,574,960	Cancellation of treasury shares	50,000,000	None	None

2.Type of Stock

Unit : Shares

Type of stock	Authorized share Capital			Remark
	Issued shares	Unissued shares	Total	
Common stock	277,157,496(Note)	172,842,504	450,000,000	Listed

3. Information about the blanket declaration system: None.

(2)Composition of Shareholders

As of 4/29/2021

Unit : Shares

Type of share holders Numbers	Governm ent Agencies	Financi al institut ions	Other Juridical Persons	Natural Persons	Foreign institutions and natural persons	Total
Number of shareholders	2	0	123	39,533	44	39,702
Shareholding	25	0	27,153,843	246,311,484	3,692,144	277,157,496
Holding Percentage	0.00	0	9.8	88.87	1.33	100.00

Note: The latest closing date for stock of transfer was 4/29/2021

(3)Distribution Profile of Share Ownership

Par Value at NT\$10

As of 4/29/2021

Unit : share

Shareholder Ownership			Number of Shareholders	Ownership	Ownership Percentage%
1	-	999	23,326	1,684,652	0.61
1,000	-	5,000	10,813	24,451,643	7.25
5,001	-	10,000	2,548	20,100,468	4.75
10,001	-	15,000	961	11,908,352	4.30
15,001	-	20,000	581	10,771,276	3.896
20,001	-	30,000	506	12,996,907	4.69
30,001	-	40,000	221	7,870,877	2.84
40,001	-	50,000	184	8,679,247	3.13
50,001	-	100,000	297	22,103,404	7.98
100,001	-	200,000	140	19,832,197	7.16
200,001	-	400,000	57	16,034,698	5.79
400,001	-	600,000	17	8,479,993	3.06
600,001	-	800,000	14	9,859,097	3.56
800,001	-	1,000,000	7	6,376,857	2.30
1,000,001	-	999,999,999	30	96,007,828	34.62
Total			39,702	277,157,496	100.00
Holds less than one thousandth of the shares			39,607	147,679,807	53.28
1,000-50,000			15,814	96,778,770	34.92
1,000-9,999,999,999			16,376	275,472,844	99.39

Preferred Shares:None

(4)Major Shareholders(List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and ownership.)

As of April 29,2021

Name of Major shareholders	Shares (shares)	Total share owned (shares)	Ownership (%)
PENG, CHIUN-PING		20,589,303	7.43%
TA Po Investment Limited		16,716,170	6.03%
Hsu, Jin-Zhi		6,000,000	2.16%
Lee, LI		5,222,766	1.88%
PENG, TING-YU		4,281,983	1.54%
Ruizhi Investment Co., Ltd.		4,227,718	1.53%
Liu, Chiu Chi		3,086,000	1.11%
Wen, Yu mei		2,261,000	0.82%
SHUY, JIN-LU		2,223,717	0.80%
Liu Kuanbai		2,203,000	0.79%
Total		66,811,657	24.09%

(5)Market Price,Net worth,Earnings,Dividends Per common share in recent 2 years
Market Price,Net worth,Earnings,Dividends per Share in recent 2 years

Unit : NT\$; Thousand shares

Item			Year	2019	2020	As of March 31,2021
Market price Per share (Note1)	Highest Market price			8.88	12.95	12.8
	Lowest Market Price			5.92	5.57	9.86
	Average Market Price			6.99	9.86	10.97
Net Worth Per share (Note2)	Before Distribution			9.53	9.43	9.54
	After Distribution			9.31	9.33	8.54
Earnings Per share	Weighted average shares(thousa nd shares)	Diluted EPS		277,158	277,158	277,158
		Adjusted Diluted EPS		277,158	277,158	277,158
	Earnings pershare Note 3	Diluted EPS		0.20	0.17	0.06
		Adjusted diluted EPS		0.19	0.15	0.06
Dividends Per share	Cash Dividends(Note9)			0.22	0.1	N/A
	Non-paid Dividend	Dividend from retained earning		-		N/A
		Dividend from from capital surplus		-		N/A
	Accumulated Undistributed Dividend(Note4)			-		N/A
Return on Investment	P/E Ratio(Note5)			34.95	58	N/A
	Price/ Dividend ratio(Note 6)			31.77	98.6	N/A
	Cash Dividend Yield(Note7)			0.03	0.01	N/A

If surplus or capital reserve is used to increase capital, the market price and cash dividend information should be disclosed retrospectively adjusted according to the number of shares issued.

Note 1: List the highest and lowest market prices of common stocks in each year, and calculate the average market prices for each year based on the transaction value and volume of each year.

Note 2: Please fill in the list based on the number of issued shares at the end of the year and the distribution based on the resolution of the shareholders meeting in the following year.

Note 3:EPS calculation was based on retroactive adjustment for capitalization of unappropriated earnings, additional paid-in capital and employees' compensation - stock.

Note 4: If the equity securities issuance conditions stipulate that the dividends that have not been paid in the current year are accumulated to the year when there is a surplus, the dividends accumulated as of the current year shall be disclosed.

Note 5 : $\text{Price / Earnings Ratio} = \text{Average Market Price} / \text{Earnings per Share}$

Note 6 : $\text{Price / Dividend Ratio} = \text{Average Market Price} / \text{Cash Dividends per Share}$

Note 7 : $\text{Cash Dividend Yield Rate} = \text{Cash Dividends per Share} / \text{Average Market Price}$

Note 8 : The net value per share and the earnings per share should be filled in with the information verified (reviewed) by an accountant as of the printing date of the annual report in the most recent quarter; the remaining fields should be filled in with the data of the current year as of the printing date of the annual report

Note 9 : The Board was held on 3/29/2021 to propose to distribute cash dividends of NT\$0.1 per share for 2020

(6) Dividend Policy and Implementation Status

1. Dividend Policy

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.

2. Proposed Distribution of Dividend: The Board has adopted a Proposal for Distribution of 2020 Profits on 3/29/2021. Please refer to the 2020 PROFIT DISTRIBUTION TABLE below.

Action Electronics Co., Ltd PROFIT DISTRIBUTION TABLE Year 2020

Unit : NT\$ thousand

Items	Amount	
	Sub-Total	G-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)
Total Amount for Distribution		30,278,837
Distributable items:		
Dividend to shareholders-Cash (NT\$0.1 per share)		(27,715,750)
Unappropriated retained earnings		\$ 2,563,087

1. The Company proposed to distribute Cash dividends of NT\$0.1 Per share for 2020 which amounted to NT\$ 27,715,750 in total
2. 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
3. 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.
4. 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.

Chairman : Peng, Ting-Yu General manager : Hsu, Wen-Tang Accounting Officer : Lei, Shih-Yun

- (7) Impacts of free share assignment intended through the current shareholders meeting on the Company's operational performance and earnings per share: Not Applicable.

(8) Remuneration of employees and directors:

1. The amount or scope of the remuneration of employees, directors and supervisors stated in the company's regulations of organization: according to the company's articles of association:

If the company makes a profit in the current year (the so-called profit refers to the pre-tax benefit deducting the benefit before the remuneration distribution to employees and directors), no less than 5% should be allocated for employees' remuneration and no more than 4% for directors' remuneration; independent directors do not participate in the reward distribution, but when the company still has accumulated losses, the remuneration amount shall be reserved in advance. Employee remuneration can be made in stocks or cash, and its payment objects may include employees of affiliated companies who meet the conditions set by the board of directors.

The allocation of employee remuneration and directors' remuneration shall be made by the board of directors based on a resolution approved by more than two-thirds of the directors present and more than half of the present directors.

2. The calculation basis of the estimated amount of remuneration for employees, directors and supervisors in the current period, the calculation basis of the number of shares of employee remuneration distributed by stocks, and the accounting handle when the actual distribution amount is different from the estimated amount:

If there is any change in the amount after the publication of the annual financial statement, it shall be handled according to the change in accounting estimates and adjusted in the next year.

3. Remuneration distribution approved by the board of directors:

- (1) Remuneration for employees, directors and supervisors is distributed in cash or stocks. If there is a discrepancy between the estimated annual and the recognized amount of expense, the discrepancy, reason and handling situation should be disclosed:

On March 29, 2021, the board of directors approved NT\$2,591,526 for employee remuneration and NT\$2,073,221 for directors to be paid in cash. Differences between the actual and estimated figures will be included in the next year's profit and loss. The relevant information approved by the board of directors will be disclosed in the Market Observation Post Station (MOPS) for reference.

- (2) The amount of employee remuneration is distributed by stocks and its proportion to the total amount of the individual or individual financial report after-tax net profit and total amount of employee remuneration for the current period. (The company does not distribute stock dividends)

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price), and the difference between the actual distribution and the recognized remuneration of employees, directors and supervisors, the numbers of the difference, the reasons, and the processing situation should be stated.:

In the previous year, the bonus for employees was NT\$3,017,821 and the bonus for directors was NT\$2,414,257. The actual amount paid was consistent with the resolution of the board of directors.

(9) Whether the company buys back the company's stock: None

4.2、 Corporate Bonds:None.

4.3、 Preferred Shares:1.Status of preferred shares:None ; 2.Preferred shares with warrant : None

4.4、 Issuance of global depository receipts : None.

4.5、 Employee Stock Option Certificate, Restricted Employee Shares

1 Issurance of employee stock option: None

2. Employee Stock Options Granted to Management Team and to Top 10 Employees with over NT\$30 million: None.

4.6、 Status of new share issurance in connection with Merges and acquisitions : None.

4.7、 Status of capital utilization plan:None

IV.. Operation Overview

5.I. Business content:

(I) Business scope:

1. Main business content: sales, maintenance, installation and service of various household appliances for the main business items of the company and its subsidiaries. Manufacturing, processing and trading of automotive audio-visual electronic products; warehousing and logistics services and asset development, etc.

2. Operating proportion: (Group)

Unit: NT\$ thousand; %

Product Item	2020 Group Consolidated Amount	
	Net revenue	Revenue proportion (%)
Sales revenue of automotive electronics manufacturing business system	\$ 413,522	32
Sales revenue of brand management and service business system	728,110	57
Sales revenue of warehousing and logistics business system	139,245	11
Total	\$ 1,280,877	100

3. The current products:

Action Group is divided into three major business systems based on operations.

- (1) Automotive electronics manufacturing business system: With Malaysia's Markin plant of ACTION INDUSTRIES(M)SDN.BHD. and Shenzhen plant of Action Asia Co., Ltd. as the center of operation, R&D, manufacturing and sales of automotive electronic audio-visual entertainment systems and portable multimedia products.
- (2) Brand management and service business system: With Taiwan Kolin brand management and Realise Tech Services Co.,Ltd. as the core, brand management continues to "discover with heart and enjoy the beauty of Taiwan" as the main axis, enhance brand marketing, migrate innovation and differentiation and develop competitive products with high CP value, and intensively cultivate channel operations to increase revenue and profits.
- (3) Asset activation business system (including warehousing and logistics system): Action Group owns many plant assets in Taiwan and abroad. For example, the SHANGHAI ACTION TECH CO., LTD has transformed to provide international warehousing equipment and high-quality environment for migration of International brand customers, ACTION TECHNOLOGY (Jian, Jiangxi) CO.,LTD has also leased its factories, etc., which can create stable cash flow and profits for the group every year. In addition, in response to the large-scale return of Taiwanese businessmen and followed the renewal of three-dimensional industrial zone development plan of the government, the former headquarters of Action Group has been planned to build two new factory and office buildings, and is committed to promoting industrial upgrading. The headquarters of Taoyuan Zhongli is planned as a "New Type of Industry 4.0" industrial park in the northern Taiwan region that integrates R&D, Maker, Artificial Intelligence (AI), Internet of Things (IOT), Big Data, and aggregates R&D, exhibition and sales, and passenger flow.

4. New products (services) planned to be developed:

Build a R&D team to develop AI smart home appliances, such as smart coffee machines, smart lights, smart curtains, smart TVs, smart air conditioners, smart audio and other smart home appliances.

(II) Industry overview:

1. Current status and development of the industry

- (1) In recent years, the Internet of Things has become the most important trend in technological development. Through the convenience of voice-controlled human-computer interaction, smart home appliances and smart homes are even more important development projects. In order to enhance the competitive advantage, the company has invested a lot of resources to "upgrade" home appliances. Users can easily remote control them through APPs such as mobile phones and tablets. Currently, the company has also launched the first smart voice-controlled coffee machine in the home appliance industry, aiming to provide consumer a more convenient life. In the future, the company's team will continue to adjust its structure and develop AI intelligence and IOT applications, so that the company can still grow steadily and positively in the face of a changing external environment to feedback the support from shareholders.
- (2) The company's automotive audio-visual products are mainly used in the refitting market such as RV campers and yachts. According to industry research reports, the market for electronic recreational vehicles is estimated to exceed US\$69 billion in 2027. According to preliminary statistics, the market size in 2020 will be approximately US\$57.5 billion. Among them, the US market will be worth US\$16.9 billion in 2020, and the Chinese market will also grow rapidly. It is estimated that the market will reach US\$12.3 billion in 2027. As income increases in Europe, the United States, Japan and China, consumers will pay more attention to outdoor recreation and entertainment. This market is expected to grow.

2. The relevance of the industry's upstream, midstream and downstream

- (1) Important raw materials and related suppliers in the electronics manufacturing industry
 - A. The main raw materials of consumer electronics products are panel driver ICs, small and medium-sized panels, printed circuit boards, backlight modules, etc.
 - B. The company mainly cooperates with the bundle sale of Internet + mobile multimedia player equipment. It belongs to the midstream of the industry. Its upstream is related components and materials. In response to market demand, the downstream sales targets are mostly customers, channels or importers.
- (2) Industrial structure and supply and demand of branded goods and channel services
 - A. In the consumer electronics industry, the upstream is related to components and materials, the midstream is the manufacturer, and the downstream is the distributor or importer.
 - B. In 3C product channels, upstream are manufacturers of home appliance products, film and audio products, information products, and communication products, and downstream are direct sales stores such as wholesale selling products to consumers.

C. Home appliance repair service such as Realise Tech Service Co., Ltd. by offering professional service and brand service bears responsibilities of customer satisfaction after-sales service, and improves the comprehensive synergy of brand + channel + service.

3. Various development trends and competitive situations of products

- (1) In pace with the advancement of science and technology, the significance of home appliances has changed from "need" to "convenience", and the standards of energy saving and environmental protection continue to upgrade and consumers need different home appliances. Therefore, the development of Taiwan home appliances is an inevitable trend in digitalization; not only this but also personalization, youthful, economical, convenient to use, catch up with the popular, those are what consumers care about. The most important thing for the Kolin brand to return to the market is to put aside the baggage of traditional home appliances in the past and move towards consumers and the new generation.
- (2) The main content of the business: research and development and sales of electrochemical products, digital electronic products, small household appliances, information and various communication products.
- (3) Product competition situation: Competing manufacturers of home appliances include Datong, Sampo, TECO, Chi Mei, Sanyo, etc.

(III) Technology and R&D Overview:

Electronic manufacturing business system:

1. Research and development expenditures in the last two years

Unit: NT\$ Thousand			
Year	2020	2019	As of the publication date of the annual report, the R&D expenditure in the first quarter of 2021 was NT\$2,464,000.
Amount	31,584	29,341	

2. Successfully developed products or technologies

- (1) The main product of Malaysia's Markin plant of ACTION INDUSTRIES(M)SDN.BHD. is Mobile Video (DVD/USB/HDMI/AV/GAME), and it is constantly developing new models, such as Android OS/10.1 inch back-to-back infotainment Products, ODM81011/10.1 inch in-vehicle ceiling-mounted entertainment multimedia player, 8-inch headrest & 10.1-inch ceiling-mounted Android OS in-vehicle infotainment products, OHM60902 (P6-20) 9-inch ceiling-mounted car entertainment products, multimedia player and so on.
- (2) Shenzhen plant of Action Asia Co., Ltd. and ACTION INTELLIGENT (SHENZHEN) VO., LTD. cooperate to develop AI smart home appliances. Smart home appliances take the lead to set up advanced central control systems to integrate smart switches, smart lights, smart curtains, smart TVs, smart air conditioners, smart audio, etc., recently has completed development of smart speakers, smart coffee machines, smart TVs, air conditioners, etc. will be launched into the market one after another.
- (3) Kolin Brand of Action Group assembles, tests and adjusts various refrigerators by itself in response to market demand, controls the manufacturing process, and ensures product delivery and quality.
- (4) SHANGHAI ACTION TECH CO., LTD., positioned as warehousing industry, has established an international logistics environment to serve the logistics of major companies in mainland China.

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

Action Electronics Co., Ltd. has been established for more than 40 years, and has been selling to the worldwide by ODM and OEM. It started to operate the Kolin brand 6 years ago, changing its thinking not only to establish the brand of Kolin, but also to transfer business successfully. In the future, the Group will continue to transform towards the activation of land assets.

Short-term business development plan:

- (1) Automotive Electronics manufacturing business system: Based on the Macinese plant in Malaysia, to promote the development of automotive electronics, marketing strategies to develop automotive multimedia products, multi-point marketing with the same model, exclusive management, and integration of automotive entertainment products into automotive platform products as In-car Platform products.
- (2) Shenzhen plant of Action Asia Co., Ltd. established the R&D team of ACTION INTELLIGENT (SHENZHEN) VO., LTD. to facilitate the development of the group and strengthen the development of automotive and smart home appliances.
- (3) Channel service business system: Kolin brand of Taiwan Action Group and Realise Tech Service Co., Ltd. are the main roleplayer to promote popularity of Kolin brand through diversified operation of brand management, boost flexible channel sales, actively develop niche products and markets, and find out the niche channels.
- (4) Activate assets, gradually activate land assets in Zhongli, Shenzhen, Shanghai, Jiangxi... and other places to inject more fresh water into enterprises. SHANGHAI ACTION TECH CO., LTD., positioned as a warehousing and logistics center, has grown steadily; the land development of Taiwan headquarters, and the establishment of "ACTION ASIA DEVELOPMENT CO., LTD." the company's positioning, functions, organizational structure and operation plan have been set up and a "New Type of Industry 4.0" industrial park integrating R&D, exhibition and sales will be completed within 3-5 years.

Long-term business development plan

Looking forward to the future, in order to continue to make profits, Action Group hopes to combine good planning, good products and brand services, so that the company can continue to seek innovation and change.

5.2.Market and production and sales overview:

(I) Market analysis:

1. The sales (provide) area of the company's main products (services)

Sales (Service) Region

Year Sales Area		2020		2019	
		Net Revenue	Percentage	Net Revenue	Percentage
Export	Asia	133,687	10.44	114,170	9.17
	America	347,995	27.17	355,012	26.29
	Others	64,091	5.00	64,727	4.79
Domestic		735,104	57.39	806,685	59.75
Total		1,280,877	100.00	1,340,594	100.00

- (1) The proportion of sales area of the automotive electronics manufacturing business system,

the America occupies 84% and others are 16% in 2020.

- (2) The products of the channel service business system are mainly for domestic sale. In terms of channels, including traditional dealer's channel 34%, wholesales 33%, and Others 33%.

2. Market share and future supply and demand conditions and growth, competitive niches and development prospects favorable and unfavorable factors and countermeasures.

Automotive Electronics manufacturing industry:

- (1) Operational policy: streamline operation, multi-point marketing with the same model, resource integration, achieve better results, restart research, production, and sales, give full play to the spirit of teamwork, and ensure the achievement of annual goals.
- (2) Marketing allocation:
- Action Asia Shenzhen Factory: Steady innovation of existing product lines, involvement of voice intelligent products; maintenance of existing customers, development of customers in China and other new markets.
- Markin Plant: Strengthen the development of the ASEAN vehicle manufacture market, expand the mobile video business in Southeast Asia, India, the Middle East and Africa, and strengthen service on major customer, as well as the control of delivery and quality of finished products.
- (3) Advantages and disadvantages of business niche and development prospects and countermeasures
- A. Favorable factors: OEM/EMS business of Action Asia Shenzhen Factory and Markin Plant, and has won the award of high quality level and best production partner in the industry, and the factory is located in Southeast Asia, which has a geographical competitive advantage toward on RCEP and the Sino-US trade war.
- B. Unfavorable factors: The price and availability of raw materials are affected by the pandemic of COVID-19, and the delivery period is relatively lengthened.
- C. Countermeasures: establishing long-term cooperative relations with customers and suppliers and have advanced preparations for materials and components.

Brand management and service Industry:

- (1) Management policy:
- A. Expand the brand value of the Kolin brand, strengthen online sales channel operations, and combine the advantages of after-sales service and logistics to provide consumers with the best overall service.
- B. Short-term business development plan:
- Product quality and differentiation: strengthen product appearance, more refined functions, and promote brand value. Home appliances are not just home appliances, but also an important part of the home living environment.
- Strengthen service: promote the company's brand image through quick service and friendly service.
- (2) Marketing allocation:
- A. The sales areas of the products are mainly domestic sales. In addition to the Kolin brand, there is also the German high-end brand AXION to meet the needs of different

consumer levels

B. Proportion of channels: domestic sales of traditional dealer channels occupied for 34%, wholesales are 11 %, e-commerce is 22 % and project is 33 %.

C. The future situation of supply and demand and growth of the market

*LCD TVs continue to move towards large-size 4K smart development.

*Environmental protection and energy saving are the main demands of consumers.

*Health, health preservation, easy operation, time saving, and personalization are still the development direction of small household appliances.

(3) Advantages and disadvantages of business niche and development prospects and countermeasures

A. Favorable factors:

① The Kolin brand has a certain popularity

② Have an excellent after-sales service team and logistics cooperation partners

B. Countermeasures:

① Pay attention to and grasp the needs of consumers, combine with external cooperative manufacturers, and rapid innovation and development.

② Focus on innovation, and constantly try new methods in product immigration, sales mode, and marketing operation willingness.

③ As the Internet widespread, and the ways on selling products are diversified. It is possible to approach consumers who has different needs in a more delicate manner.

Warehousing and logistics business system:

Focus on development of SHANGHAI ACTION TECH CO., LTD.

1. Main business items: warehousing and logistics services.

2. Business strategy: Establish a linkage mechanism with customers in the park and improve the park property management standards.

3. Long-term and short-term business development plan:

(1) Maintain a good relationship with customers in the park and improve the park property management standards.

(2) Stabilize customers in the park and maintain the utilization rate over 95%.

4. Market overview and analysis

Based on business establishment and development prospects, logistics and warehousing services of SHANGHAI ACTION TECH CO., LTD. have won praises and strong support from local governments, and the customer utilization rate has been stable, maintaining more than 90%.

(II) Important use and production process of main products

1. Important uses of main commodities:

Product	Usage
Home appliance	For family or personal use
Video and audio-visual products	For family or personal use
Communication goods	for household or personal use
Information products	for household or personal use

In information/home appliances products, mobile communications have already become one device for humans, and computer products are essential for study and work.

Home appliances are inseparable from every household's life. These products combined with the Internet of Things will be continued to develop more that is closely related to all consumers' life.

2. Production process: The company's business activities are mainly sales of information home appliances, so there is no important production process.

(III) Supply status of main raw materials:

The key components of the company's products are purchased through direct negotiations with the original manufacturer to ensure normal supply and maintain price advantages. The supply of various raw materials is also maintained by two or more suppliers to avoid control of the source of goods, and maintain the flexibility of bargaining. So far, the company and the suppliers have been able to maintain good interaction.

(IV) The names of customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent two years, as well as the purchases (sales) amount and proportion, and explain the reasons for the increase or decrease:

(1) Major suppliers refer to those commanding 10%-plus share of annual order volume.

(2) Major Clients in the Last Two Calendar Years

Unit : NT\$ thousand

No	2020				2019			As % of 2020 total Net revenue
	Customer	Net Revenue	Relation to The Company	As % of 2020 total Net revenue	Name	Amount	Relation to The Company	
1	Customer A	\$ 114,785	None	9	Customer A	192,503	None	14
2	Customer B	224,652	None	18	Customer B	136,559	None	10
3	Others	941,440		73	Others	1,011,532		76
	Total Net Revenue	\$1,280,877		100	Total Net Revenue	1,340,594		100

(V) Production in the Last Two Years

Unit:Sets ;NT\$ thousand

Year	2020			2019		
Out put	Capacity	Production Quantity	Production Value	Capacity	Production Quantity	Production Value
Major Products						
Automotive electronics manufacturing	80,429	80,429	154,298	120,662	120,662	245,712
Total	80,429	80,429	154,298	120,662	120,662	245,712

Note: The company's branded goods and circulation service system sales revenue is not produced by the company itself.

(VI) Shipments and Sales in the Last Two Years

Unit:Sets ;NT\$ thousand

Year	2020			
Shipments and sales	Domestic		Export	
Major Products	Quantity	Value	Quantity	Value
Automotive electronics manufacturing			74,274	413,522
Brand anagement And service	128,086	728,110		
Asset activation business Sales				139,245
Total	128,086	728,110	74,274	552,767

Unit:Sets ;NT\$ thousand

Year	2019			
Shipments and sales	Domestic		Export	
Major Products	Quantity	Value	Quantity	Value
Automotive electronics manufacturing			127,613	393,299
Brand anagement And service	329,781	806,685		
Asset activation business Sales				140,610
Total	329,781	806,685	127,613	533,909

5.3、Human Resource

Year		2019	2020	As of 4/30/2021
Number of Employees	staff	274	290	297
	Operator	82	121	96
	Total	356	411	393
Average years of Age		46.4	47.13	47.19
Average years of Service		9.44	8.05	8.05
Education	Ph.D	0.0%	0.0%	0.0%
	Master's	4.20%	4.60%	4.6%
	Bachelor's	37.8%	42.3%	46.6%
	High school	59.5%	53.0%	48.8%

5.4、Expenditure on Environmental protection

1. In the most recent year and as of the publication date of the annual report, the company's process of improving environmental pollution. If there is a pollution dispute, the process of handling:

Except for general and business waste, the company has no other pollution sources such as sewage and waste. The company currently entrusts qualified garbage disposal subcontractor to deal with general business waste, and the disposal situation is good.

The company is located in the Zhongli Industrial Zone, and the sewage discharged by the

company is handled in the sewage treatment plant of the management center in the industrial zone.

2. In the most recent year and as of the publication date of the annual report, the total losses (including compensation) and the total amount of disposal suffered from environmental pollution, shall be disclosed the future countermeasures and possible expenditures: none.
3. The current pollution situation and its improvement influence on the company's earnings, competitive position and capital expenditure: none.
4. The most recent year and as of the publication date of the annual report, estimated major capital expenditures on environmental protection: none.

5.5. Labor-Management Relations

(I) Current important labor-management agreements and implementation status

1. Various welfare measures for employees:

Both the company and employees can deeply realize the importance of a harmony labor-management relationship, and stress on the communication of opinions between above and below. The company's policies and various important measures can also enable employees to fully understand, so that can obtain employees' support and cooperation.

Welfare measures:

- (1) Vacation: The seniority leave (special leave) is stipulated in the Labour Standards Law.
- (2) Education and training of employees.
- (3) Education awards and grants: education awards for employees and their children.
- (4) Cash Gifts: cash rewards (vouchers) or gifts for three festivals, weddings, funerals and festive event.
- (5) Employee Insurance: labor insurance, national health insurance, employee group medical insurance and accident insurance.
- (6) Bonuses: rewards for outstanding employees, year-end bonuses, rewards for senior employees, and employee bonuses.
- (7) Grant application; hospitalization condolences.

2. Retirement system:

The company's retirement system is formulated in accordance with the Labor Standards Law and Labor Pension Regulations. The company allocates 6% based on the monthly salary to a special account of retirement pension each month. In addition, for employees who choose the old retirement system, there is also the Labor Retirement Fund Supervision Committee responsible for the custody and utilization of the retirement fund. According to the monthly retirement actuarial evaluation report and the actuarial estimation, the company determines the welfare expenses and allocates the retirement fund based on the monthly salary of the employees and deposits it into a special account in the Trust Department of the Bank of Taiwan, as a source of pension payment. All employees of our company who have served the company for 15 years or 50 years old, or who have served for more than 10 years and reached 60 years of age, or who have served for more than 20 years, those can apply for self-retirement after approved by the company. The calculation method of pension payment shall be handled in accordance with the provisions of the Labor Standards Law. In addition, the labor pension shall be withdrawn in accordance with the "Labor Pension Regulations" and deposited into a special account of labor pension.

3. Other important consultation status:

- (1) The company is applicable to the Labor Standards Law, and all operations are conducted based on the Labor Standards Law.
- (2) The company has set up an Employee Welfare Committee. Through the Employee

Welfare Committee, the company allows employees to understand the company's operating conditions. Employees also express their opinions through the welfare committee, so that they can mutually and fully understand and communicate with each other.

(II)、 Losses incurred due to labor disputes in the most recent year and as of the publication date of the annual report: None.

5.6、 Important Contracts: None.

VI. Financial Information

6.1. Five-Year Financial Summary

(1) Condensed Balance Sheet and Comprehensive Income statement for the Past Five Years

1. Condensed Balance Sheet –Consolidated

Unit: NT\$ thousand

<div> <div></div> <div>year</div> <div>Item</div> </div>		Financial Summary for The Last Five Years					The Financial data was gathered until 3/31/2021
		2016	2017	2018	2019	2020	
Current assets		2,225,512	1,199,898,	1,595,262	1,317,063	1,403,482	1,353,989
Property, Plant and Equipment		514,129	363,251	270,044	281,167	176,803	174,097
Intangible assets		274,219	245,371	238,761	239,868	225,771	224,414
Other assets		1,970,293	2,216,437	1,874,736	1,929,889	1,903,648	1,917,951
Total assets		4,984,153	4,024,957	3,978,803	3,767,987	3,709,704	3,670,451
Current liabilities	Before distribution	1,735,362	1,196,036	1,055,032	876,707	892,079	838,477
	After distribution	1,735,362	1,196,036	1,143,722	937,682	919,795	810,761
Non-current liabilities		426,134	277,197	251,855	248,044	203,401	192,190
Total liabilities	Before distribution	2,161,496	1,473,233	1,306,887	1,124,751	1,095,480	1,030,667
	After distribution	2,161,496	1,473,233	1,395,577	1,185,726	1,123,196	1,030,667
Equity attributable to shareholders of the parent		2,821,949	2,551,724	2,667,115	2,643,693	2,618,710	2,644,647
Capital stock		2,771,575	2,771,575	2,771,575	2,771,575	2,771,575	2,771,575
Capital surplus		13,203	13,203	259	259	1,602	1,602
Retained earnings	Before distribution	152,904	184,586	346,524	311,777	294,504	312,362
	After distribution	152,904	184,586	257,834	250,802	266,788	284,646
Other equity interest		(115,733)	(417,640)	(451,243)	(439,918)	(448,971)	(440,892)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		708	0	4,801	(457)	(4,486)	(4,863)
Total equity	Before distribution	2,822,657	2,551,724	2,667,115	2,643,236	2,614,224	2,639,784
	After distribution	2,822,657	2,551,724	2,578,425	2,582,261	2,586,508	2,639,784

Note 1: Financial reports for the past 5 years and 2021/Q1 have been audited or reviewed by CPAs.

Note 2: The company did not handle asset revaluation in the current year.

Note 3: The figures for the above-mentioned distribution are yet to be resolved by the shareholders' meeting of The following year.

Note 4: Status and Reasons for correction or re-edited of financial statements informed by the authority:
None

2. Condensed Statement of Comprehensive Income –Consolidated

Unit : NT\$ thousand

Item \ Year	2016	2017	2018	2019	2020	The Financial data was gathered until 3/31/2021
Operating Revenue	3,434,252	2,598,511	1,574,763	1,340,594	1,280,877	395,933
Gross profit	487,518	474,242	344,307	320,352	300,336	85,590
Operating income	(521,945)	(206,190)	22,242	7,593	44,061	8,860
Non-operating income and expenses	1,282,413	276,151	142,221	54,990	29,920	10,000
Income before tax	760,468	69,961	164,463	62,583	73,981	18,860
Net profit from continuing operations	766,125	32,901	150,323	46,668	36,787	17,435
Loss of closed business units	0	0	0	1,902	6,711	10
Net income (Loss)	766,125	32,901	150,323	48,570	43,498	17,445
Other comprehensive income (income after tax)	(138,883)	(304,006)	(33,146)	10,580	(11,535)	8,115
Total comprehensive income	627,242	(271,105)	117,177	59,150	31,963	25,560
Net income attributable to shareholders of the parent	767,040	34,580	148,278	54,736	46,096	17,858
Net income attributable to non-controlling interest	(915)	(1,679)	2,045	(6,166)	(2,598)	(413)
Comprehensive income attributable to Shareholders of the parent	628,164	(269,426)	115,132	65,268	34,649	25,937
Comprehensive income attributable to non-controlling interest	(922)	(1,679)	2,045	(6,118)	(2,686)	(377)
Earnings per share	2.77	0.12	0.53	0.20	0.17	0.06

Note1 : Financial reports for the past 5 years and 2021/03/31 have been audited or reviewed by CPAs.

Note2 : Loss of closed business units was presented as net amount after deducting income tax

Note 3: The figures for the above-mentioned distribution are yet to be resolved by the shareholders' meeting of The following year.

Note4 : Status and Reasons for correction or re-edited of financial statements informed by the authority:
None

(2) Condensed balance sheet and comprehensive income statement information- individual financial reports

1. Condensed Balance Sheet & Income Sheet –Parent Company

Unit: NT\$ thousand

<div> <div>year</div> <div>Item</div> </div>		Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Current assets		530,859	502,068	664,618	521,253	553,493
Property, Plant and Equipment		128,718	127,133	131,840	150,072	57,992
Intangible assets		245,318	239,819	234,273	228,898	223,874
Other assets		3,024,173	2,723,972	2,551,981	2,487,993	2,521,983
Total assets		3,929,068	3,592,992	3,582,712	3,388,216	3,357,342
Current liabilities	Before distribution	927,272	918,072	772,358	589,100	610,884
	After distribution	927,272	918,072	861,048	650,075	638,610
Non-current liabilities		179,847	123,196	143,239	155,423	127,748
Total liabilities	Before distribution	1,107,119	1,041,268	915,597	744,523	738,632
	After distribution	1,107,119	1,041,268	1,004,287	805,498	766,348
Capital stock		2,771,575	2,771,575	2,771,575	2,771,575	2,771,575
Capital surplus		13,203	13,203	259	259	1,602
Retained earnings	Before distribution	152,904	184,586	346,524	311,777	294,504
	After distribution	152,904	184,586	257,834	250,802	266,788
Other equity interest		(115,733)	(417,640)	(451,243)	(439,918)	(448,971)
Treasury stock		0	0	0	0	0
Total equity	Before distribution	2,821,949	2,551,724	2,667,115	2,643,693	2,618,710
	After distribution	2,821,949	2,551,724	2,578,425	2,582,718	2,590,994

Note1: Financial reports for the past 5 years have been audited CPAs.

Note2 : The Company's has no assets revaluation in current year

Note3 : The distribution figures shown above will be resolved by the coming annual shareholders' meeting.

Note4: Status and Reasons for correction or re-edited of financial statements informed by the authority:
None

2. Condensed Statement of Comprehensive Income —Parent Company

Unit: NT\$ thousand

Year	2016	2017	2018	2019	2020
Item					
Operating Revenue	963,716	918,545	798,148	673,038	595,328
Gross profit	129,398	119,944	123,999	92,424	119,400
Operating Income	(15,584)	(95,175)	(34,944)	(53,222)	(12,675)
Non-operating income and expenses	763,965	131,190	187,454	108,146	59,841
Income before tax	748,381	36,015	152,510	54,924	47,166
Net profit from continuing operations	767,040	34,580	148,278	54,736	47,166
Loss of closed business units	0	0	0	0	0
Net income (Loss)	767,040	34,580	148,278	54,736	46,096
Other comprehensive income (income after tax)	(138,876)	(304,006)	(33,146)	10,532	(11,447)
Total comprehensive income	628,164	(269,426)	115,132	65,268	34,649
EPS	2.77	0.12	0.53	0.20	0.17

Note1 : Financial reports for the past 5 years have been audited by CPAs.

Note2 : Loss of closed business units was presented as net amount after deducting incomer tax.

Note3 : Status and Reasons for correction or re-edited of financial statements informed by the authority: None

(3) Auditors' Opinions from 2016 to 2020

Year	Accounting Firm	CPA	Audit Opinion
2016	Baker Tilly Clock & Co.	Hsin-Liang Wu 、 Li-chen Peng	Unqualified opinion
2017	Baker Tilly Clock & Co.	Hsin-Liang Wu 、 Li-chen Peng	Unqualified opinion
2018	Baker Tilly Clock & Co.	Hsin-Liang Wu 、 Li-chen Peng	Unqualified opinion
2019	Baker Tilly Clock & Co.	Hsin-Liang Wu 、 Li-chen Peng	Unqualified opinion
2020	Baker Tilly Clock & Co.	Hsin-Liang Wu 、 Li-chen Peng	Unqualified opinion

6.2. Five-Year Financial Analysis

A. Financial Analysis –Consolidated

Item		Financial Analysis for the Last Five Years					As of the printing date of this annual report	Remark
		2016	2017	2018	2019	2020		
Capital structure (%)	Debt Ratio	43.37	36.6	32.85	29.85	29.53	28.08	
	Ratio of long-term capital to property, plant and equipment	631.9	778.78	1082.7	1028.31	1593.65	1626.66	1
Liquidity (%)	Current ratio	128.24	100.32	151.21	150.23	157.33	161.48	
	Quick ratio	91.89	76.19	112.46	107.16	116.22	119.96	
	Interest earned ratio (times)	21.77	3.37	8.54	5.00	8.06	9.67	2
Operating performance	Accounts receivable turnover (times)	4.39	4.86	4.98	5.17	6.86	8.51	3
	Average collection period	83.14	75.10	73.29	70.60	53.20	42.89	3
	Inventory turnover (times)	3.88	4.27	3.21	2.47	2.46	3.25	
	Accounts payable turnover (times)	9.19	12.54	13.83	10.28	8.91	9.86	
	Average days in sales	94.07	85.48	113.71	147.77	148.37	112.31	
	Property, plant and equipment turnover (times)	4.76	5.92	4.97	4.86	5.59	9.03	
	Total assets turnover (times)	0.68	0.58	0.39	0.35	0.34	0.43	
Profitability	Return on total assets (%)	15.7	1.27	4.21	1.58	1.39	2.08	
	Return on stockholders' equity (%)	30.54	1.22	5.76	1.83	1.65	2.66	
	Pre-tax income to paid-in capital (%)	(18.83)	(7.44)	0.8	0.27	1.59	0.32	4
	Profit ratio (%)	27.44	2.52	5.93	2.26	2.67	2.72	
	Earnings per share (NT\$)	2.77	0.12	0.53	0.20	.017	0.06	
Cash flow	Cash flow ratio (%)	(43.79)	20.95	1.87	29.28	23.26	14.33	5
	Cash flow adequacy ratio (%)	64.3	41.84	60.93	19.99	3.72	(155.71)	5
	Cash reinvestment ratio (%)	0	10.51	0.70	12.94	11.29	12.26	5
Leverage	Operating leverage	1	1	1	1	1	1	
	Financial leverage	0.93	0.87	51.25	(0.94)	1.31	1.33	

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. The increase in the ratio of long-term funds to real estate, plant and equipment is due to the reversal of long-term equity investment income and deferred income tax liabilities, which increases the ratio.
2. Interest protection multiples: The interest protection multiples have increased due to the 202009 year repayment of borrowing interest costs
3. Accounts receivable turnover rate and turnover days: the collection of overseas accounts receivable in 109 increased the turnover rate and therefore the turnover days decreased.
4. The ratio of operating profit to paid-in capital: due to the decrease in operating expenses.
5. The decrease in cash flow ratio was mainly due to the year-on-year decrease in revenue in 2020 years.

B. Financial Analysis –Parent Company

Item \ Year		Financial Analysis for the Past Five Years					Remark
		2016	2017	2018	2019	2020	
Capital structure (%)	Debt Ratio	28.18	28.98	25.56	21.97	22.00	
	Ratio of long-term capital to fixed assets	2,332	2,104	2,132	1,865	4,736	1
Liquidity (%)	Current ratio	57.25	54.69	86.05	88.48	90.61	
	Quick ratio	27.41	37.17	51.01	53.92	63.86	
	Interest earned ratio (times)	46.31	3.23	12.53	7.29	6.85	
Operating performance	Accounts receivable turnover (times)	8.24	8.26	7.95	7.38	7.77	
	Average collection period	44.3	44.19	45.91	49.46	46.98	
	Inventory turnover (times)	4.15	4.11	3.29	2.57	2.68	
	Accounts payable turnover (times)	15.57	15.63	15.32	14.22	12.93	
	Average days in sales	87.95	88.81	110.94	142.02	136.19	
	Fixed assets turnover (times)	7.93	7.18	6.16	4.77	5.72	
	Total assets turnover (times)	0.27	0.24	0.22	0.19	0.18	
Profitability	Return on total assets (%)	21.51	1.28	4.43	1.77	1.56	
	Return on stockholders' equity (%)	30.56	1.29	5.68	2.06	1.75	
	Pre-tax income Ratio to issued capital (%)	27.00	1.30	5.50	1.98	1.70	
	Profit ratio (%)	79.59	3.76	18.58	8.13	7.74	
	Earnings per share (NT\$)	2.77	0.12	0.53	0.20	0.17	
Cash flow	Cash flow ratio (%)	(2.48)	8.71	(15.56)	5.19	33.02	2
	Cash flow adequacy ratio (%)	(70.23)	272.83	107.40	28.14	(27.57)	2
	Cash reinvestment ratio (%)	0	3.43	0	5.1	10.81	2
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00	
	Financial leverage	0.49	0.85	0.73	0.76	0.61	
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)							
1. The increase in the ratio of long-term funds to real estate, plant and equipment is due to the return of long-term equity investment income and deferred income tax liabilities. Increase the ratio. .							
2. The decrease in cash flow ratio was mainly due to the year-on-year decrease in revenue for 2020 years.							

Note : The calculation formulas of financial analysis are listed as follows:

1.Capital structure

- (1)Debt ratio = total liabilities / total assets
- (2)Long-term funds to property, plant and equipment = (total equity + bonds payable +long-term loans) / net worth of property, plant and equipment

2. Liquidity

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets – inventory – prepaid expenses – non-current assets held for sale – other current assets) / current liabilities
- (3)Times interest earned = income before interest and tax / interest expenses

3.Operating performance

- (1)Average receivables (including accounts receivable and notes receivable arising from business operations) turnover = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
- (2)Days sales outstanding = 365 / average receivables turnover
- (3)Average inventory turnover = cost of sales / average inventory
- (4)Average payables (including accounts payable and notes payable arising from business operations) turnover = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
- (5)Average inventory turnover days = 365 / average inventory turnover
- (6)Property, plant and equipment turnover = net sales / average net worth of property, plant and equipment
- (7)Total assets turnover = net sales / average total assets

4.Profitability

- (1)Return on assets = [net income + interest expenses (1- tax rate)] / average total assets
- (2)Return on stockholders' equity attributable to the parent company = net income attributable to stockholders of the parent / average total equity attributable to the parent company
- (3)Net profit margin = net income / net sales
- (4)Earnings per share = (net income attributable to stockholders of the parent – preferred shares dividends) / weighted average number of outstanding shares(Note4)

5.Cash flow

- (1)Cash flow ratio = net cash provided by operating activities / current liabilities
- (2)Cash flow adequacy ratio = five-year sum of net cash provided by operating activities / five-year sum of capital expenditures, inventory increase and cash dividend
- (3)Cash flow reinvestment ratio = (net cash provided by operating activities – cash dividend) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital (Note5)

6.Leverage

- (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income(Note3)
- (2)Financial leverage = operating income / (operating income – interest expenses)

6.3 Audit Committee's Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared and submitted to us the Company's 2020 Business Report, Financial Statements, and proposal for earnings distribution. Financial Statements were audited by Baker Tilly, Clock&Co and they issued an audited report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and proposal for earnings distribution and do not find any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report

Action Electronics Co.,Ltd

2021 Annual Shareholders' Meeting

Audit Committee

Independent Director: Tang, Peng Chin

Independent Director: Min, Kuei Ling

Independent Director: Yen, Tzong Ming

Date: March 29,2021

6.4 Consolidated Financial Statements audited by CPA

6.5. Parent Company Only Financial Statements audited by CPA: Please refer to appendix B

6.6The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2020 and as of the date of this Annual Report: None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT\$ thousand

Items \ Year	2020	2019	Difference		
			Amount	%	Remark
Current Assets	1,403,482	1,317,063	86,419	7	
Fixed Assets	176,803	281,167	(104,364)	(37)	
Intangible assets	225,771	239,868	(14,097)	(6)	
Other Assets	1,903,648	1,929,889	(26,241)	(1)	
Total Assets	3,709,704	3,767,987	(58,283)	(2)	
Current Liabilities	892,079	876,707	15,372	2	
Long-term Liabilities	203,401	248,044	(44,643)	(18)	
Total Liabilities	1,095,480	1,124,751	(29,271)	(3)	
Capital stock	2,618,710	2,643,693	(24,983)	(1)	
Capital surplus	2,771,575	2,771,575	0	0	
Retained Earnings	1602	259	1,343	519	
Other Adjustments	294,504	311,777	(17,273)	(6)	
Non-controlling interest	(448,971)	(439,918)	(9,053)	2	
Total Stockholders' Equity	(4,486)	(457)	(4,029)		
Current Assets	2,614,224	2,643,236	(29,012)	(1)	

(I) Explanation on the difference analysis: the main reasons and impacts of that the increase or decrease changes more than 20% in the previous and current stages and the amount of change reaches NT\$10 million:

Description:

1. Real estate, plant and equipment, part of the land of the headquarter were reclassified as investment assets, and subsidiary ACTION TECHNOLOGY (JIAN) CO., LTD. was reclassified as pending on sale, as a result, less than the previous period.
2. The increase in capital reserve is due to the changes in the ownership of subsidiaries.

(II) Future response plan:

The company continues to focus on the improvement of operating performance and the stable growth of profits, optimizing the company's financial structure and reducing the financial burden.

7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Items \ Year	2020	2019	Difference		
			Amount	%	Remark
Operating s Sales	1,280,877	1,340,594	(59,717)	(4)	
Gross Profit	300,336	320,352	(20,016)	(6)	
Operating Expenses	256,275	312,759	(56,484)	(1)	
Income from operations	44,061	7,593	36,468	480	1
Non-operating income and expenses	29,920	54,990	(25,070)	(46)	2
Income Before Tax	73,981	62,583	11,398	18	
Tax	(37,194)	(15,915)	(21,279)	134	3
Loss of closed business units	6,711	1,902	4,809	253	
Net income (Loss)	43,498	48,570	(5,072)	(10)	

(II) The main reasons for the changes in each subject are as follows:

1. Market changes: the consumer electronic products continue to transform into information visual-audio products, entertainment and communication products have been affected in a certain level. In view of this, the company has transformed its operations into the technology service industry and entered into channels, services, brands and other businesses. The products emphasize smart home appliances and mainly dealing with TV, refrigerators, washing machines, air conditioners and small household appliances. In 2020, due to the impact of the COVID-19 and other unfavorable factors, the global economic growth slowed down and domestic purchase was shrinking. Therefore, Taiwan Kolin's market consumption this year was not as expected; and the overseas Action Intelligent Electronic manufacturing system was mainly sold to the market of the United States, due to the US-China trade war and other unfavorable factors, which results in the simultaneous reduction on revenue of overseas in-vehicle electronics.

Operating profit: Due to the decline in group revenue in 2020, the operating gross profit decreased, and the operating profit decreased relatively.

2. Non-operating Income and expenses operation: The difference between the two periods resulted from overseas net foreign currency exchange losses in 2020, impairment loss of intangible asset of overseas subsidiary ATZ Electronics Co., Ltd and other losses; as a result, the non-business profit and loss decreased in 2020, compared with 2019.
3. Net profit (loss) before tax: The increase in 109 years compared with 108 years is due to overseas subsidiaries SHANGHAI ACTION TECHNOLOGY CO.,LTD and ACTION ASIA (SHENZHEN) CO., LTD Due to the company's distribution of dividends, withholding 10% of corporate income tax.
4. Benefits of discontinued units: Because the mainland reinvestment company ACTION TECHNOLOGY(JIAN) Co., Ltd. has no business, the board of directors resolved to transfer its equity, so it was converted to a suspended unit in the 109 financial report. In 109, the factory had rental income Generate health benefits.

7.3. Analysis of changes in cash flow

(I) Cash flow this year

Unit: NT\$ Thousand

Cash balance at beginning	Annual net cash flow from operating activities	Annual net cash outflow into investment and financing activities	Cash remaining amount	Remedial measures for expected cash shortage	
				Investment plan	Financial plan
75,696	204,737	(223,190)	57,243	Not applicable	Not applicable

Analysis of cash flow changes:

Operating activities: . In addition, cash increased due to the repatriation of profits from subsidiaries and the decrease in inventories.

Investment activities: cash outflow with NT\$168,006K, mainly due to investment in domestic subsidiaries.

Financing activities: cash outflow of NT\$55,184K, which is the issuance of cash dividends and repayment of bank loans.

(II) Analysis of changes in cash flow this year

Unit: NT\$ Thousand

Year Item	2020	2019	Difference	
			Amount	Description
Operating activities	204,737	31,459	173,278	mainly due to the repatriation of profits from oversea subsidiaries in 2020.
Investment activities	(168,006)	72,546	(240,552)	In 2019, handled the capital reduction of subsidiaries and returned the share funds. In 2020, handled the capital increase of domestic subsidiaries by cash and invested financial assets measured at cost.
Financing activities	(55,184)	(268,858)	213,674	payment of cash dividends and repayment of bank loans.
Net cash flow	(18,453)	(164,853)	146,400	

(III) Analysis of cash liquidity in the coming year

Unit: NT\$ Thousand

Cash balance at beginning	Annual net cash flow from operating activities	Estimated annual net cash inflow from investment and financing activities	Cash remaining amount	Remedial measures for expected cash shortage	
				Investment plan	Financial plan
57,243	14,760	23,636	95,639	Not applicable	Not applicable

Analysis of cash flow changes:

Operating activities: It is expected that the activities related to the operating side will generate a net cash inflow of NT\$ 14,760K.

Investment and financing activities: The estimated cash inflow is NT\$23,636K, mainly due to the disposal of financial assets measured at fair value, the issuance of cash dividends and the repayment of bank loans.

7.4. The impact resulted from major capital expenditures on financial operations in the most recent year: No major capital expenditures in the most recent year

7.5. The reinvestment policy in the most recent year and the main reasons for profit or loss and its improvement plan and investment plan for the next year

- (I) This year adopted the equity-method on share of profits and losses of subsidiary and affiliated company was NT\$67,247K, compared with the benefit of 2019 with NT\$97,159K, and the profit decreased by NT\$29,912K. This was due to the impact of COVID-19 in 2020, the global economic growth has slowed down and domestic purchase has shrunk, so pre-tax profits this year have fallen compared with last year.
- (II) In the future, profit improvement projects will continue to be carried out, and organizational transformation and resource integration will be carried out to enhance overall operating efficiency and industrial competitiveness.

(III) Estimated investment situation in the coming year:

The construction plan of Zhongli plant has begun, and the future construction plan to build the **"Action Intelligent Tech Park"** will drive industrial upgrading and support the future revenue.

7.6. Analysis and assessment of risk management items in the most recent year and as of the date of publication of the annual report:

- (I) The impact of recent annual interest rate, exchange rate changes, and inflation on the company's profit and loss and future countermeasures:
 - 1. The impact of interest rate changes: The borrowed money of the company is a debt with a fixed interest rate. Since changes in market interest rates will not affect future cash flows, there is no cash flow risk due to changes in interest rates, but fair value interest rate risks are borne. For debts with floating interest rates, changes in market interest rates will cause the effective interest rates of debt financial products to change accordingly, which will cause future cash flows to fluctuate. Part of the risk is offset by cash held at floating interest rates and cash equivalents.
 - 2. The impact of exchange rate changes: the main procurement and sales of the company and its consolidated subsidiaries are denominated in US dollars, and the fair value will change with fluctuations in market exchange rates. However, the company and its subsidiaries hold foreign currency assets and liabilities and the period of receipt and payment can be made to offset each other's market risks.
- (II) In recent years, high-risk, high-leverage investments, capital loans to others, endorsements and derivatives trading policies, main reasons for gains or losses, and future response measures:
 - 1. The company does not engage in high-risk, high-leverage investment activities.
 - 2. Fund loan to others and endorsement guarantee: mainly due to the operating needs of the company and its affiliated companies, all are handled in accordance with the "Fund Loan to Others Operation Procedure" and "Endorsement Guarantee Operation Procedure".
 - 3. Derivative products that the company has not signed in 2020.

4. Response measures: The financial risk management policies of the company and its subsidiaries are affected by the characteristics of the electronics and home appliance industries. The financial risks which the consolidated company faced include changes in operating fund, credit risk and financial product investment. In order to achieve the best risk position, the company plans to adopt different strategies for different risks:

(1) Hedging strategy for changes in operating fund: The company has appropriate short-term bank loan quotas, and grasps the timing of cash inflows and outflows to maintain proper liquidity on capital allocation.

(2) Credit risk: The company has a strict credit evaluation policy, only transacting with counterparties with good credit status, and timely use of debt preservation measures to reduce credit risk.

(3) Financial product investment: Among the equity financial products invested by the company, financial assets belonged to fair value changes are classified as gains and losses, which can activate market, and easily sold out in the market at a price close to fair value. Significant Liquidity Risk is not expected to happen.

(4) Risk control: The financial department regularly evaluates the transaction and profit and loss situation at any time, and reports to the board of directors when abnormalities are found.

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

1. Future R&D plan:

ACTION ASIA (SHENZHEN) CO., LTD. completes the construction of ACTION INTELLIGENT(SHENZHEN)VO.,LTD., which focuses on the development of smart home appliances. In addition, also merged Chongqing ATZ Electronics Co., Ltd. and collaborate with its production and sales departments to mainly develop new energy in-vehicle electronic products. The in-vehicle electronic products will apply with AI intelligence and the Internet to develop new high value-added products in the future.

2. Estimated R&D expenses:

Currently, R&D personnel are distributed in various subsidiaries and are listed in the R&D expenses of each subsidiary, so the headquarter does not incur any R&D expenses.

(IV) The impact of major domestic and foreign policy and legal changes in the most recent year on the company's financial business and corresponding measures: None.

(V) The impact of recent technological changes on the company's financial business and corresponding measures:

The consumer electronics market continues to launch new products, resulting in an accelerated replacement cycle, making technology products popularized and low-priced; coupled with the low-price competition between mainland and Hong Kong companies, the profitability of each other has been compressed, so the company needs to precisely grasp the pulse of the industry and market demand, and have a keen market forecast for the terminal sales of the product line. At the same time, it is necessary to review and grasp the risk of price drop of inventory and its crowding effect on liquidity of fund to respond to technological changes bring about business impact at any time. Currently, the company has

a stable financial structure and sufficient cash flow. In the future, in addition to striving for excellence in the existing product market, expanding market share, and continue to immigrate new business divisions for market allocation and launch new products with high added value and competitiveness.

- (VI) The impact of changes in corporate image in recent years on corporate crisis management and corresponding measures:

The company abides by laws and regulations regarding corporate image, and so far there is no situation that could affect corporate image.

- (VII) Expected benefits, possible risks and countermeasures of mergers: None.

- (VIII) Expected benefits, possible risks and countermeasures of expanding the plant: None.

- (IX) Risk faced by concentrated material input or sales channel and its countermeasures:

Material Input: The procurement of key components of the company's products is through direct negotiations with the original manufacturer to ensure normal supply and maintain price advantages. The supply of various raw materials also shall be maintained two or more suppliers to avoid goods resources controlled by others and maintain the flexibility of bargaining. So far, the company and the suppliers mutually keep maintaining good interaction.

Sales: The company's marketing allocation:

The company has transformed from manufacturer to a new field in the face of changes in the environment. The transformation has been successfully completed and started to make profits. Now it is divided into three business groups:

- (1) Electronic manufacturing business system: Malaysia's Markin plant of ACTION INDUSTRIES(M)SDN.BHD. and Shenzhen plant of Action Asia Co., Ltd. develop multimedia products for automobiles, multi-point marketing with the same model, exclusive management, and transformed as simple In-car Platform products.
- (2) Branding business system: Taiwan Action Electronics Co., Ltd. and Realise Tech Service Co., Ltd. are the main roleplayer to promote popularity of Kolin brand through diversified operation of brand management, boost flexible channel sales (distribution: 36%, wholesales: 15%, special sales: 20%, project: 29 %), actively develop niche markets.
- (3) Warehousing and real estate business system: Among SHANGHAI ACTION TECH CO., LTD., ACTION ASIA (SHENZHEN) CO., LTD. and ACTION TECHNOLOGY (JIAN) CO., LTD., SHANGHAI ACTION TECH CO., LTD., mainly played a role as a warehousing and logistics center, has grown steadily; the land development of Taiwan headquarters, and Shenzhen Plant and Ji'an Plant have activated their assets, and innovative value creates profits for the group.。

- (X) Directors, supervisors, or major shareholders holding more than 10% of the shares, the impact, risks and corresponding measures of the company's massive transfer or replacement of equity: None.

(XI) The impact, risks and countermeasures of the change in operating rights on the company: None.

(XII) For litigation or non-litigation events, the company and its directors, supervisors, general managers, substantive persons in charge, major shareholders holding more than 10% of the shares, and affiliated companies have been verdict confirmed or at the period before judgement of major litigation, non-litigation or administrative litigation, the outcome of which may have a significant impact on shareholder rights or securities prices, the facts in dispute, the amount of the subject matter, the start date of the litigation, the main parties involved and the date as of publication date of the annual report shall be disclosed. The handling situation: None.

(XIII) Other important risks and corresponding measures: None.

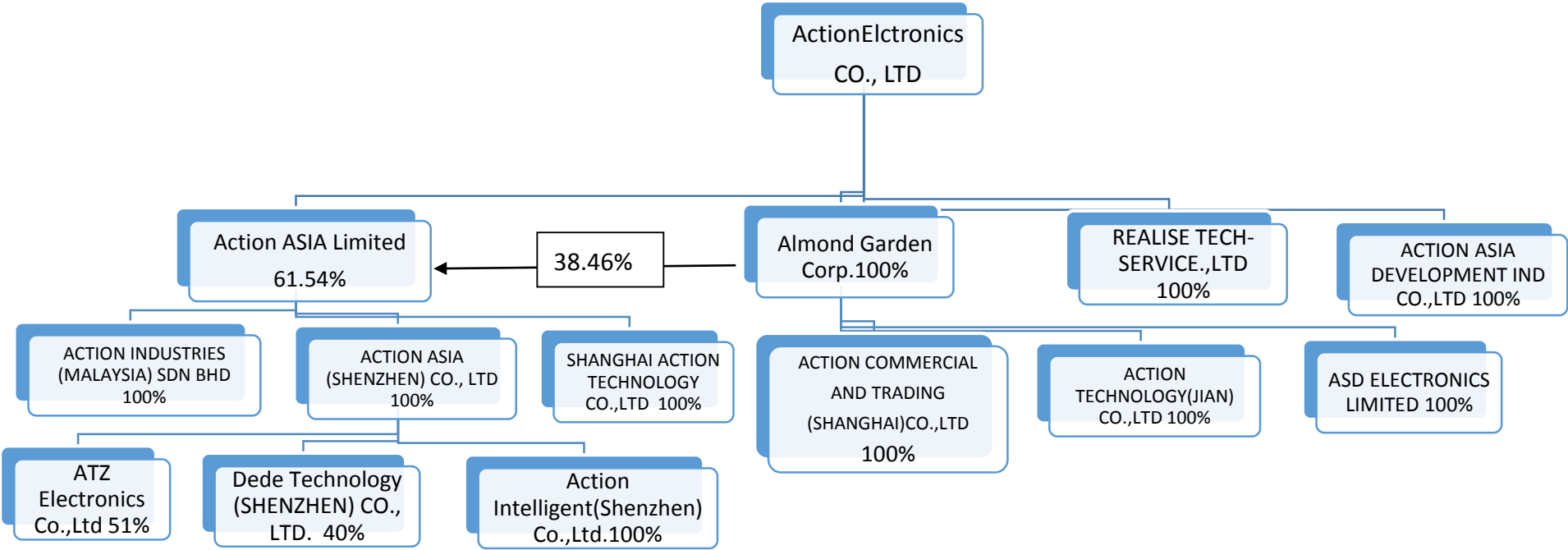
7.7. Other important matters: None.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

1. Consolidated Financial Statement of Associated Enterprises

(1). Organizational Chart of Associated Enterprises



- (2). The Company does not have the conditions determined to be a controlling or subordinate relationship under Article 369-3 of the Company Act
- (3). The Company does not have the conditions determined to be a controlling in personnel,finance and business directly or indirectly under Article 369-2 of the Company Act:None

2. Basic Information for the Affiliates

Unit:dollars

Name of Corporation	Date of establishment	address	Paid-in Capital	Maior Business/Production Items
ACTION ASIA LIMITED	August 2,2002	77 Robinson Road, #13-00 Robinson 77, Singapore 068896.	SGD 244,929,207	Holding Company
ACTION INDUSTRIES (M) SDN.BHD.	December 8,1987	2480,TINGKAT PERUSAHAAN ENAM, PRAI FREE TRADE ZONE,13600 PERAI, PENANG, MALAYSIA.	RM 13,200,000	Manufacturing and selling of LCD TV for Auto
SHANGHAI ACTION TECHNOLOGY CO.,LTD	February 3, 2004	333 Xingbang Road, Jiading Industrial Zone, Shanghai, China	RMB 140,840,981	Warehousing and storage
ACTION ASIA (SHENZHEN) CO., LTD	February 4,2005	4/F, block1, Jinxing Industrial Park, No.25 Jian'An Road,Fuhai Street, Bao'An district, SZ,Guangdong	RMB 33,711,997	Manufacturing and sales of auto electronical products and accessories
Dede Technology (SHENZHEN) CO., LTD.	November 15,1999	The industrial park of AnLud was built in fuyong Street High-tech Development Zone in Bao'an District, Shenzhen	RMB 110,000,000	Real estate development
Action Intelligent(Shenzhen) Co.,Ltd.	September 7,2016	4/F, block1, Jinxing Industrial Park, No.25 Jian'An Road,Fuhai Street, Bao'An district, SZ,Guangdong	RMB 400,000	R&D and sales of AI products
ATZ electronics Co.,Ltd	May 07,2019	No.22,minxing branch road,Sin'p'a leather shoe city,airport,Shuanglonghu Street, Yubei District, Chongqing	RMB 3,717,000	R&D of Auto components
ALMOND GARDEN CORP.	July 29,1994	CITCO BUILDING, WICKHAMS CAY, P.O. BOX 662, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS.	HKD 105,658,410	Holding Company
ASD ELECTRONICS LIMITED	July 9, 2004	ROOMS 1501-3,Far East Consortium Building, 121 Des Voeux Road Central,Hong Kong	HKD 4,175,000	R&D and sales
ACTION TECHNOLOGY(JIAN) CO.,LTD	April 14,2006	6 Fuchuan Road, Ji'an Industrial Park	RMB 78,264,775	Manufacturing and sales of auto electronical products and accessories
REALISE TECH-SERVICE.,LTD	November24,1998	New North City Triple Zone Rerot Road 5 section 609 Lane 4 8F 9	NTD 60,000,000	Sales and maintenance of electrical products
ACTION ASIA DEVELOPMENT IND CO.,LTD	June25,2019	198 Zhongyuan Road, Zhongyuan District, Taoyuan City	NTD 200,000,000	Real Estate development

Note1 : Regardless of its business size, all affiliates shall be disclosed

Note2 : The name, date of establishment,address and main products of the affiliate which has factory should be listed if the sales of its products exceeds 10% of revenue of the controlling company.

Note3 : If the affiliate is a foreign company, the name, address of the affiliates can be expressed in English. The date of establishment can be expressed in AD date and paid-in capital in foreign currency. °

3.Presumed to have control over the same information as the person who is in control:None.

4.The industry covered by the overall relationship business

The business of the Company and its relationship enterprises includes:

- (1) Electronic components manufacturing
- (2) The sale and sale of household appliances
- (3) General investment industry
- (4) Import and export trade
- (5) Leasing storage industry

8.5. Information on directors, supervisors and general managers of each related enterprise

Units: ; Shares: % (except as noted in particular).)

Company (no.1)	Title	Name or representative	ShareHolding(no.2)	(no.3)
			Shares/Amount	%
ALMOND GARDEN CORP.(Note3)	Chairman	Peng, Chiun-Ping	HKD 105,658,410	100.00%
	Director	Chao, Teng Pang		
	Director	Peng, Ting-Yu		
ACTION ASIA LIMITED(Note3)	Director	Chao, Teng Pang	SGD 149,511,976 93,452,231	61.54% 38.46%
	Director	Peng, Ting-Yu		
	Director	Chow Hong Luen Irwin		
REALISE TECH-SERVICE.,LTD (Note.3)	Director	Chao, Teng Pang	NTD 6,000,000Share /60,000,000	100.00%
	Director	Peng, Ting-Yu		
	Director	Liu, Chiu Chi		
	Director	Guo, Jianli		
	Director	Peng, ingshun		
	supervisor	Lin, Jiahua		
ACTION ASIA DEVELOPMENT IND CO.,LTD (Note.3)	Chairman	Peng, Chiun-Ping	NTD 20,000,000 Share /200,000,000	100.00%
	Director	Chao, Teng Pang		
	Director	Jin -Wan Tsai		
	Director	Jeffery Peng		
	Director	Lu, Yahui		
ASD ELECTRONICS LIMITED (Note4)	Chairman	Peng Ting-Yu	HKD 4,175,000	100.00%
	Director	Chao Teng Pang		
	Director	Luo Wanhua		
ACTION TECHNOLOGY(JIAN) CO.,LTD (Note.4)	Chairman	Chao Teng Pang	RMB 78,264,775	100.00%
	Director	Liu Chiu Chi		
	Director	Hsu Wen Tang		
	Director	Wen Yumei		
	Director	Peng Hsiuyun		
	Director	Chin -Wan Tsai		
	Director	Lai Chuanlong		

Units: ; Shares: % (except as noted in particular).)

Name of Corporation (Note1)	Title	Name or representative	ShareHolding(no.2)	(No.3)
			Shares/Amount	%
ACTION INDUSTRIES (M) SDN.BHD. (Note.5)	Chairman	Peng Ting-Yu	RM 13,200,000	100.00%
	director	Peng Chiun-Ping		
	director	PENG TING-YU		
	director	Hsu Wen Tang		
	director	CHEW AH TEE		
SHANGHAI ACTION TECHNOLOGY CO.,LTD (Note.5)	Chairman	Peng Chiun-Ping	RMB 140,840,981	100.00%
	director	Wu Wenyuan		
	director	Peng Paochang		
	director	Chao Teng Pang		
	director	Peng Ting-Yu		
	supervisor	Peng Hsiuyun		
ACTION ASIA (SHENZHEN) CO., LTD (Note.5)	Chairman	Hsu Wen Tang	RMB 33,711,997	100.00%
	director	Chao Teng Pang		
	director	Peng Chiun-Ping		
	director	Peng Juen Yien		
	director	Peng Ting-Yu		
	director	Wen Yu mei		
	director	Luo Wan Hua		
	supervisor	Liu Chiu Chi		
Action Intelligent(Shenzhen) Co.,Ltd (Note.6)	Chairman	Hsu Wen Tang	RMB 400,000	100.00%
	director	Chao Teng Pang		
	director	Chew Ah Tee		
	director	Luo Wan Hua		
	supervisor	Xie Yongli		
Chongqing Zhiqixin Electronic Technology Development Vo., Ltd (Note.6)	Chairman	Hsu Wen Tang	RMB 2,000,000	51.00%
	director	Wang Guoqiang		
	director	Chew Ah Tee		
	director	Peng Paochang		

Note 1: The number of shares held by the related enterprise for foreign companies is the same amount of capital contribution.

Note 2: When a director or supervisor is a judicial person, the relevant information of the representative shall be disclosed separately.

Note 3: The Company's transfer investment company: ALMOND GARDEN CORP., ACTION ASIA LIMITED, Ruilin Technology Services Services Co., Ltd., Yayi Development Industry Co., Ltd.

Note 4: The Company's indirect transfer investment company, by ALMOND GARDEN CORP. : ASD ELECTRONICS LIMITED, Huayi Technology (Ji'an) Co., Ltd.

Note 5: It is a transfer investment company between the Companies, converted by ACTION ASIA LIMITED

Investment Company: ACTION INDUSTRIES (M) SDN.BHD., YAYI ELECTRONICS (SHENZHEN) CO., LTD., SHANGHAI MA XINYI TECHNOLOGY CO., LTD.

Note 6: Department of the Company between the transfer of investment companies, by Yayi Electronics (Shenzhen) Co., Ltd. to invest in the company: Yayi Intelligence (Shenzhen) limited Company, Chongqing Zhiqixin Electronic Technology Development Co., Ltd.

(2) An overview of the operation of the related enterprise

The financial position and operating results of each related enterprise

Unit: NT\$ thousand (except for specially noted)

Name of Corporation	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Net Operating Revenues	Operating Income	Operating Income	Earning Per Share (nt\$)
ACTION ELECTRONICS CO.,LTD.	2,771,575	3,709,704	1,095,480	2,614,224	1,280,877	44,061	43,498	0.17
ACTION ASIA LIMITED	409,640	1,803,167	15,553	1,787,614	0	(900)	66,847	0.16
SHANGHAI ACTION TECHNOLOGY CO.,LTD	616,461	981,262	35,393	945,869	132,567	75,318	64,132	0.10
ACTION INDUSTRIES (M) SDN.BHD.	93,679	323,154	191,953	131,201	194,786	(22,790)	7,619	0.08
ACTION ASIA (SHENZHEN) CO., LTD	147,557	839,866	121,558	718,308	320,499	(8,955)	10,766	0.07
Action Intelligent(Shenzhen) Co.,Ltd	1,751	8,308	5,673	2,635	22,049	(5,262)	(5,535)	(3.16)
ALMOND GARDEN CORP.	388,083	827,925	172	827,754	0	(895)	30,792	0.08
ASD ELECTRONICS LIMITED	15,335	35,998	23,352	12,646	20,961	(338)	(356)	(0.02)
ACTION TECHNOLOGY(JIAN) CO.,LTD	342,565	99,677	37,220	62,456	8,901	1,015	6,711	0.02
REALISE TECH-SERVICE.,LTD	20,000	90,753	64,883	25,870	188,910	(1,557)	(1,331)	(0.07)

2、Private Placement Securities as of the Date of Printing of the Annual Report in most recent years: None.

3、Acquisition or disposal of the Company's shares by its subsidiaries of the latest year and up to the date of printing of the Annual Report:None

4、Other matters requiring supplementary information: None

IX、Matters with important impacts on shareholders' equity and security Price

Disclosures of Events Which May Have a Significant Influence on Stockholders' Equity or Share Price, in Compliance with Item 2, Paragraph 2 In Article 36 of the Securities and Exchange Law of the R.O.C. during 2020 and as of the Annual Report Printing Date: None

Appendix A

Action Electronics CO., LTD. & Its Subsidiaries
Consolidated Financial Statements and Independent
Auditor's Report for the Years Ended December 31st,
2020 and 2019

Address: No. 198, Zhongyuan Road, Zhongli District, Taoyuan City

Phone: (03) 451-5494

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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 December 31st, 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.

Chairman: Peng Ting-Yu

Date: March 29th, 2021

Action Electronics Co., Ltd.

Audit Opinion

We have audited the accompanying Consolidated Financial Statement of Action Electronics company limited and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31st, 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 31st, 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 31st, 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 31st, 2020 are stated as follows:

Asset depreciation assessment

For the accounting policy of asset depreciation, please refer to notes 4(8) and 4(13) of the consolidated financial statements; for the uncertainty of accounting estimates and assumptions of asset depreciation, please refer to note 5 of the consolidated financial statement; please refer to the consolidated financial statement for the description of asset depreciation accounting items. The statement notes 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 the company 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 the company 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 the company and its subsidiaries are sufficiently presented.

Recognition of income

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

The income of the company and its subsidiaries is mainly recognized based on the rewards of transferring product risks, which affect the company's annual profit and loss directly. The company 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 the company and its subsidiaries' internal control relating to the recognition of sales revenue of
2. To understand the income types and trading conditions of the company 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 the company 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 the company 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 31st, 2020 was NT\$290,518,000 dollars accounting for 8% of the total consolidated assets; the operating income from January 1 to December 31st, 2020 was NT\$180,163,000 dollars, accounting for 14% of the consolidated operating income.

The company 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 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 31st, 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

CPA: _____

Li-Chen Peng, CPA

Approval number: FSC NO. 09600000880

FSC Review NO.1050025873

March 29th, 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 amortized 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)

(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	%
31XX	Total equity attributable to owners of the parent	2,618,710	71	2,643,693	70
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	Income from continuing operations before tax	73,981	6	62,583	5
7950	Income tax expense	(37,194)	(3)	(15,915)	(1)
8000	Income from continuing operations	36,787	3	46,668	4
8100	Income from discontinued operations	6,711	-	1,902	-
8200	Net Income	43,498	3	48,570	4
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
8310					
8311	Remeasurement of defined benefit plans	(2,992)	-	(992)	-

(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	%
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(28,305)	(2)	57,783	4
8349	Income tax related to items that will not be reclassified to profit or loss	598	-	199	-
		(30,699)	(2)	56,990	4
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	23,977	2	(58,024)	(4)
8399	Income tax related to items that may be reclassified to profit or loss	(4,813)	-	11,614	-
		19,164	2	(46,410)	(4)
8300	Other comprehensive loss for the year	(11,535)	0	10,580	0
8500	Total comprehensive income	31,963	3	59,150	4
Net income attributable to:					
8610	Shareholders of the parent	46,096	3	54,736	4
8620	Non-controlling interests	(2,598)	-	(6,166)	-
		\$ 43,498		\$ 48,570	
Total comprehensive income attributable to:					
8710	Shareholders of the parent	34,649	3	65,268	4
8720	Non-controlling interests	(2,686)	-	(6,118)	-
		\$ 31,963		\$ 59,150	
Earnings per share (in New Taiwan Dollars)					
From continuing and discontinued operations					
9750	Basic earnings per share	\$ 0.17		\$ 0.20	
9850	Diluted earnings per share	\$ 0.17		\$ 0.20	
From continuing operations					
9710	Basic earnings per share	\$ 0.15		\$ 0.19	
9810	Diluted earnings per share	\$ 0.15		\$ 0.19	

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

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									
	Retained earnings					Others				
							Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve		Total	Non-controlling interests	Total equity
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									
	Retained earnings					Others				
							Unrealized gains (losses) on financial assets measured at fair value through other			
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve	comprehensive income	Total	Non-controlling interests	Total equity
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)

	<u>2020</u>	<u>2019</u>
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 amortized cost	(83,200)	(131,066)
Proceeds from disposal of financial assets at amortized 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)

	2020	2019
Cash and cash equivalents at beginning of period	568,389	614,601
Cash and cash equivalents at end of period	535,170	568,389
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	535,170	568,389

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 accrued.**

Action Electronics Co., Ltd. & its Subsidiaries

Notes to the Consolidated Financial Report

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, except as otherwise indicated)

1. Company History

Action Electronics Co., Ltd. (hereinafter referred to as the company) was established on July 21st, 1976 and was converted from an over-the-counter trading center to a listed company in August, 2002. The company and its subsidiaries (hereinafter referred to as the "consolidated company") are mainly engaged in the business of sales, maintenance and installation services of various household appliances; the manufacturing, processing and trading of audio-visual electronic products; warehousing services, etc.

This Consolidated Financial Report is expressed in NTD, the company's functional currency.

2. The date and procedures for approving the financial report

This Consolidated Financial Report was approved by the board of directors on March 29th, 2021.

3. Application of newly issued and revised standards and interpretations:

(1) The impact of adopting the newly issued and revised International Financial Reporting Standards approved by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table sets forth the standards and interpretations of the new issuances, amendments and amendments to the International Financial Reporting Standards applicable to 2020 recognized by the FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 1 and IAS 8 "Disclosure of Materiality Definition"	January 1, 2020
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020 (Note)

The consolidated company has assessed that the above standards and interpretations have no significant impact on the financial status and financial performance of the consolidated

company.

(2) The impact of the newly issued and revised International Financial Reporting Standards that have not yet been adopted by the FSC

The following table summarizes the newly issued, revised, and revised standards and interpretations of the International Financial Reporting Standards approved by the FSC in 2021

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

The consolidated company has assessed that the above standards and interpretations have no significant impact on the financial status and financial performance of the consolidated company.

(3) The impact of the International Financial Reporting Standards that have been issued by the International Accounting Standards Board but have not yet been approved by the FSC

The following table sets forth the new issuance, amendment and revision standards and interpretations that have been issued by the International Accounting Standards Board but have not yet been included in the International Financial Reporting Standards recognized by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The consolidated company has assessed that the above standards and interpretations have no significant impact on the financial status and financial performance of the consolidated company.

4. Summary of Major Accounting Policies

A summary of the important accounting policies of the consolidated company is as follows:

(1) Compliance Statement

This consolidated Financial Report is prepared in accordance with the financial reporting standards for securities issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretation Announcements (hereinafter referred to as IFRSs) approved by the Financial Supervisory Commission.

(2) Preparation Basis

Except for the financial instruments measured at fair value and the current value of the defined benefit obligations minus the net defined benefit liabilities recognized at the fair value of the planned assets, this Consolidated Financial Report is prepared on the historical cost basis.

The preparation of financial reports that comply with IFRSs requires the use of some important accounting estimates. In the process of applying the accounting policies of the amalgamating company, management also requires the use of its judgment, involving highly judged or complicated items, or involving major assumptions and estimates of the consolidated financial report. For items, please refer to Note 5 for instructions.

(3) Consolidation Basis

1. Principles for Preparing Consolidated Financial Reports

This Consolidated Financial Report includes the financial reports of the company and the entities (subsidiaries) controlled by the company.

The consolidated income statement has included the operating profit and loss of the

acquired or sanctioned subsidiary company in the current period from the date of acquisition or until the date of disposal.

The financial reports of the subsidiaries have been adjusted to make their accounting policies consistent with the accounting policies of the consolidated company.

When preparing the Consolidated Financial Report, all transactions, account balances, income and expenses between each entity have been eliminated.

The total consolidated profit and loss of the subsidiary is attributable to the owners and non-controlling interests of the company, even if the non-controlling interests become the loss balance.

When the consolidated company's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The carrying amount of the consolidated company and non-controlling interests has been adjusted to reflect changes in its relative equity in the subsidiary. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributable to the owners of the company.

When the consolidated company loses control of the subsidiary, the disposition profit and loss is the difference between the following two: (1) The fair value of the consideration received and the remaining investment in the former subsidiary are counted on the basis of the fair value on the date of loss of control, and (2) The assets (including goodwill), liabilities, and non-controlling interests of the former subsidiary are counted together at the book value on the day when the control is lost. The accounting treatment of the consolidated company for all the amounts recognized in other comprehensive profits and losses related to the subsidiary is the same as the basis for the consolidated company to directly dispose of related assets or liabilities.

2. Subsidiaries included in the Consolidated Financial Report

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		Note
			December 31, 2020	December 31, 2019	
ACTION ELECTRONICS CO., LTD. (ACN)	ACTION ASIA LTD. (AAL)	Holding and investment activities.	61.54	61.54	—
ACTION ELECTRONICS CO., LTD. (ACN)	ALMOND GARDEN CORP.	Holding and investment activities.	100.00	100.00	—
ACTION ELECTRONICS CO., LTD. (ACN)	REALISE TECH-SERVICE CO., LTD. (RLS)	Maintenance service of electronics.	100.00	100.00	—
ACTION ELECTRONICS CO., LTD. (ACN)	ACTION ASIA DEVELOPMENT IND CO., LTD. (AAD)	Lease construction and development of residence, buildings and business plant.	100.00	100.00	—

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		Note
			December 31, 2020	December 31, 2019	
ACTION ASIA LTD. (AAL)	ACTION INDUSTRIES(M) SDN. BHD. (AMP)	Manufacturing and selling of automotive LCD.	100.00	100.00	(1)
ACTION ASIA LTD. (AAL)	SHANGHAI ACTION TECHNOLOGY CO., LTD. (ASJ)	Warehouse service	100.00	100.00	—
ACTION ASIA LTD. (AAL)	ACTION ASIA (SHENZHEN) CO., LTD. (AAS) AND ITS SUBSIDIARIES	Researching, manufacturing and selling of electronics and accessories.	100.00	100.00	—
ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	ACTION INTELLIGENT (SHENZHEN) CO., LTD. (AIS)	Researching and selling of intelligent electronics.	100.00	100.00	—
ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	ATZ ELECTRONICS CO., LTD. (ATZ)	Researching, manufacturing and selling of automotive electronics and accessories.	51.00	51.00	—
ACTION INDUSTRIES(M) SDN. BHD. (AMP)	ACTION-TEK SDN BHD. (ATK)	Researching of consumer electronics.	100.00	100.00	—
ALMOND GARDEN CORP.	ASD ELECTRONICS LIMITED (ASD)	Researching and selling activities.	100.00	100.00	—
ALMOND GARDEN CORP.	ACTION ASIA LTD. (AAL)	Holding and investment activities.	38.46	38.46	—
ALMOND GARDEN CORP.	ACTION TECHNOLOGY (JIAN) CO., LTD. (ATJ)	Plant leasing service.	100.00	100.00	(2)
ALMOND GARDEN CORP.	ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	LCD TV product	100.00	100.00	—

(1) ACTION INDUSTRIES(M) SDN. BHD. will be included in this consolidated report on December 31st, 2020 as a financial report verified by other accountants.

(2) On March 29th, 2021, the board of directors decided to dispose of 100% equity of ACTION TECHNOLOGY (JIAN) CO., LTD. held by ALMOND GARDEN CORP., its subsidiary company. This Consolidated Financial Report has listed the relevant assets and liabilities of ACTION TECHNOLOGY (JIAN) CO., LTD. as of December 31st, 2020 in the disposal group held for sale. At the same time, the business activities of the current year are classified as the profit and loss of discontinued units in the consolidated comprehensive income statement., And in accordance with International Financial Standards No. 5 Communique, the 2019 consolidated comprehensive income statement was re-compiled.

3. Subsidiaries not listed in the consolidated financial report: no such situation.

4. Different adjustments and treatment methods of subsidiary accounting period: no such situation.

5. Major restrictions: No such situation.

6. Subsidiaries with non-controlling interests that are material to the consolidated company: no such situation.

(4) Standards for distinguishing between current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets; assets that do not belong to current assets are classified as non-current assets:
 - (1) The asset is expected to be realized in the normal business cycle or intended to be sold or consumed.
 - (2) Holders mainly for trading purposes.
 - (3) Expected to be realized within twelve months after the balance sheet date.
 - (4) Cash or cash equivalents, except for those restricted in exchange or used to settle liabilities at least twelve months after the balance sheet date.
2. Liabilities that meet one of the following conditions are classified as current liabilities; those that do not belong to current liabilities are classified as non-current liabilities:
 - (1) Those expected to be settled during the normal business cycle.
 - (2) Holders mainly for trading purposes.
 - (3) Expected to be settled within twelve months after the balance sheet date.
 - (4) The settlement period cannot be unconditionally deferred to at least twelve months after the balance sheet date. The terms of the liability, which may be settled by the issuance of equity instruments based on the choice of the counterparty, do not affect its classification.

(5) Foreign Currency

When each entity prepares financial reports, those who trade in currencies other than the individual's functional currency (foreign currency) are converted into functional currency records based on the exchange rate on the transaction day.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items is recognized in the profit and loss in the current period.

Foreign currency non-monetary items measured by fair value are converted at the exchange rate on the day when the fair value is determined, and the resulting conversion difference is listed in the current profit and loss. However, if the fair value change is recognized in other comprehensive gains and losses, the resulting conversion difference is listed in other comprehensive profit and loss.

Non-monetary items in foreign currencies measured by historical cost are converted at the exchange rate on the transaction date and will not be converted again.

When preparing the consolidated financial report, the assets, and liabilities of foreign operating organizations (including subsidiaries and affiliates in countries where they operate or in currencies different from those of the company) are converted into NTD at the exchange rate on each balance sheet date. The income and expense items are converted at the average exchange rate of the current period, and the resulting conversion differences are listed in other comprehensive income and losses and are accumulated in the foreign operating institution's financial statements under equity.

If the consolidated company disposes of all the equity of the foreign operating organization, or disposes of part of the equity of the foreign operating organization's subsidiary but loses control, or the retained equity after the disposal of the foreign operating organization's affiliated company is a financial asset and shall be handled in accordance with the accounting policy of financial instruments, all accumulated exchange differences attributable to the owner of the company and related to the foreign operating organization will be reclassified to profit and loss.

If the partial disposal of a subsidiary of a foreign operating organization does not result in the loss of control, the accumulated exchange difference is re-attributed to the subsidiary's non-controlling interests in proportion and is not recognized as profit or loss. In the event that a significant influence remains after the disposal of the affiliated company of the foreign operating organization, the accumulated exchange difference will be reclassified to profit and loss based on the disposal ratio.

(6) Inventory

Inventory is evaluated based on the lower of cost and net realizable value. Inventory is calculated based on the weighted average method. Net realizable value refers to the balance of the estimated selling price minus the estimated costs and sales expenses that need to be invested in completion of the project.

(7) Disposal Group Held For Sale

The book value of the disposal group is classified as held for sale when it is expected to be mainly recovered through sale transactions rather than continued use. The subgroups that meet this classification must be available for immediate sale in their current state, and their sale must be highly probable. When the appropriate level of management commits to the plan to sell the asset, and the sale transaction is expected to be completed within one year

from the classification date, the sale will be considered highly probable.

If the control of the subsidiary will be lost at the time of sale, regardless of whether non-controlling interests are retained in the former subsidiary after the sale, all assets and liabilities of the subsidiary are classified as pending for sale.

The disposal group classified as pending is measured by the lower of the book value and the fair value less the cost of sale, and the depreciation of such assets is stopped.

(8) Investment in Related Enterprises

Affiliated companies refer to companies that have significant influence on the consolidated company but are not subsidiaries.

The consolidated company adopts the equity method for investment in affiliated companies. Under the equity method, investment in affiliated companies is initially recognized at cost, and the future book amount obtained is increased or decreased with the share of the affiliated company's profits and losses and other comprehensive profits and losses and profit distribution enjoyed by the consolidated company. In addition, changes in the equity of affiliated companies are recognized based on the shareholding ratio.

The amount of the acquisition cost exceeding the share of the net fair value of the identifiable assets and liabilities of the affiliated company enjoyed by the consolidated company on the date of acquisition is classified as goodwill, which is included in the book value of the investment and cannot be amortized; the consolidated company on the date of acquisition with the amount by which the share of the net fair value of the identifiable assets and liabilities of the affiliated company exceeds the acquisition cost is listed as the current profit and loss.

When a related company issues new shares, if the consolidated company does not subscribe according to the shareholding ratio, which causes the shareholding ratio to change, and consequently the net equity value of the investment increases or decreases, the increase or decrease is adjusted to the capital reserve-the equity method is adopted to recognize the association changes in the net value of the company's equity and investments using the equity method. However, if the shareholding ratio is not subscribed or obtained, which results in a decrease in the ownership and interest of the affiliated company, the amount recognized in the other comprehensive profit and loss related to the affiliated company shall be reclassified according to the reduction ratio, the basis of its accounting treatment is the

same as the basis that related companies must follow if they directly dispose of related assets or liabilities; if the adjustment in the preceding paragraph should be debited to the capital reserve, and the balance of the capital reserve generated by the equity method of investment is insufficient, the difference is debited to the retained surplus.

When the consolidated company's share of losses to the affiliated company equals or exceeds its equity in the affiliated company (including the book value of the investment in the affiliated company under the equity method and other long-term interests that are essentially part of the consolidated company's net investment in the affiliated company), stop recognizing further losses. The consolidated company only recognizes additional losses and liabilities within the scope of incurred statutory obligations, deduced obligations, or payments made on behalf of related companies.

When assessing impairment, the consolidated company regards the overall book value of the investment (including goodwill) as a single asset, compares the recoverable amount with the book amount, and conducts an impairment test. The recognized impairment loss is not allocated to the component of the investment book value of any assets, including goodwill. Any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The consolidated company ceases to use the equity method on the day when its investment ceases to be an affiliated company, and its retained equity in the original affiliated company is measured at fair value, the difference between the fair value and disposal price and the book value of the investment on the day when the equity method ceases to be used is included in the current profit and loss. In addition, for all amounts recognized in other comprehensive profits and losses related to the related company, the basis of accounting treatment is the same as the basis that the related company must follow if it directly disposes of the related assets or liabilities.

The profits and losses arising from the upstream, downstream, and side-current transactions between the consolidated company and the affiliated company are recognized in the consolidated financial report only to the extent that it has nothing to do with the consolidated company's equity in the affiliated company.

(9) Property, Plant, and Equipment

Property, plant, and equipment are recognized at cost, and subsequently measured at the

cost minus accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at the cost minus accumulated impairment losses. Cost includes professional service fees and borrowing costs that meet the capitalization conditions.

When these assets are completed and reach the expected state of use, they are classified into the appropriate categories of property, plant and equipment, and depreciation begins.

Except for self-owned land, which is not depreciated, the rest of the property, plant and equipment are depreciated on a straight-line basis within the service life of each significant part. The consolidated company shall review the estimated service life, residual value and depreciation method at least at the end of each year and postpone the effect of changes in applicable accounting estimates.

When property, plant and equipment are delisted, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

(10) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both (including property and right-of-use assets that meet the definition of investment property and are in the process of establishing a license). Investment property also includes land held for future use that has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs), and subsequently measured at the amount of cost minus accumulated depreciation and accumulated impairment losses.

The investment property acquired by the lease is initially measured at cost (including the original measured amount of the lease liability and the lease payment paid before the lease start date), and subsequently measured at the amount after the cost minus the accumulated depreciation and accumulated impairment losses, and adjust the remeasurement of lease liabilities.

All investment property is depreciated on a straight-line basis.

Investment property under construction is recognized at the cost minus the accumulated impairment loss. Cost includes professional service fees and borrowing costs that meet the capitalization conditions. These assets begin to be depreciated when they reach the expected state of use.

Investment property is transferred to real estate, plant and equipment based on the book value on the day when it was transferred for self-use.

The property of property, plant and equipment is transferred to investment property based on the book value at the end of self-use.

When investment real estate is delisted, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

(11) Intangible Assets

1. Obtained Separately

Intangible assets with limited useful life acquired separately are initially measured at cost, and subsequently measured at the amount of cost minus accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis during the useful life. The consolidated company shall review the estimated useful life, residual value and amortization method at least at the end of each year and postpone the impact of changes in applicable accounting estimates.

2. Obtained from a Business Combination

The intangible assets obtained in a business combination are recognized at the fair value on the acquisition date and recognized separately from goodwill. The subsequent measurement method is the same as the intangible assets obtained separately.

3. In addition to the column:

When intangible assets are delisted, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

(12) Goodwill

The goodwill obtained in a business combination is based on the amount of goodwill recognized on the acquisition date as the cost, and subsequently measured by the cost minus the accumulated impairment loss.

To impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units (referred to as "cash-generating units") that the amalgamating company expects to benefit from the synergy of the merger.

The cash-generating unit of amortized goodwill is tested annually (and when there are indications that the unit may be impaired) by comparing the book value of the unit containing goodwill and its recoverable amount, to conduct an impairment test of the unit. If

the goodwill allocated to the cash-generating unit is obtained from a business combination in the current year, the unit shall be tested for impairment before the end of the current year. If the recoverable amount of the cash-generating unit of amortized goodwill is lower than its book value, the impairment loss is to reduce the book amount of the cash-generating unit's amortized goodwill first, and then reduce the proportion of the book value of the other assets in the unit by each carrying amount of the asset. Any impairment loss is directly recognized as the current loss. The loss of goodwill impairment shall not be reversed in the subsequent period.

When disposing of a certain operation in the allocated goodwill cash-generating unit, the amount of goodwill related to the dispositioned operation is included in the book amount of the operation to determine the disposition profit and loss.

(13) Impairment of Non-Financial Assets

The consolidated company assesses on each balance sheet date whether there are any signs that property, plant and equipment, right-of-use assets, and intangible assets may have been impaired. If there are any signs of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less the cost of sale and its use value. If the recoverable amount of an individual asset or cash-generating unit is lower than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit and loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is adjusted to the revised recoverable amount, but the increased carrying amount does not exceed the asset or cash-generating unit if the impairment is not recognized in the previous year for the book amount determined at the time of the loss (minus amortization or depreciation). The reversal of the impairment loss is recognized in the profit and loss.

(14) Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet when the consolidated company becomes a party to the contractual terms of the

instrument.

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized as profit and loss.

1. Financial Assets

Conventional transactions of financial assets are recognized and delisted by accounting on the transaction date.

(1) Type of Measurement

The types of financial assets held by the consolidated company are financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, and equity instrument investment measured at fair value through other comprehensive gains and losses.

A. Financial assets measured at fair value through profit and loss:

Financial assets measured at fair value through profit or loss include financial assets that are compulsorily measured at fair value through profit or loss. Mandatory financial assets measured at fair value through profit or loss include equity instrument investments that are not designated to be measured at fair value through other comprehensive profits and losses, and debt instrument investments that are not classified as measured at amortized cost or measured at fair value through other comprehensive profits and losses. Financial assets measured at fair value through profit and loss are measured at fair value, and the benefits or losses resulting from re-measurement are recognized in profit and loss.

B. Financial assets measured at amortized cost:

If the financial assets invested by the consolidated company meet the following two conditions, they are classified as financial assets measured at amortized cost:

- (a) It is held under a certain business model whose purpose is to hold financial assets to collect contractual cash flows; and

- (b) The terms of the contract generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash and cash equivalents, bills receivable, accounts receivable, other receivables and other financial assets measured at amortized cost) are based on the original recognition. The total book amount determined by the effective interest method is measured after deducting any impairment loss after amortization, and any foreign currency exchange gains and losses are recognized in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- (a) For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- (b) For financial assets that are not purchased or original credit impairment, but subsequently become credit impairment, you should be confident to calculate interest income by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the impairment.

Equivalent cash includes time deposits that are highly liquid, convertible into fixed cash at any time and have little risk of value changes within 3 months from the date of acquisition and are used to meet short-term cash commitments.

- C. Investment in equity instruments measured at fair value through other comprehensive gains and losses:

At the time of initial recognition, the consolidated company can make an irrevocable choice to designate investment in equity instruments that are not held for trading and that are not recognized by the purchaser of a business merger or have consideration at fair value through other comprehensive gains and losses.

Equity instrument investments measured at fair value through other comprehensive gains and losses are measured at fair value, and subsequent

changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. At the time of investment disposal, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Dividends from equity instrument investments measured at fair value through other comprehensive gains and losses are recognized in the profit and loss when the rights of the consolidated company to receive payments are established unless the dividend clearly represents part of the investment cost recovery.

(2) Impairment of Financial Assets:

- A. The consolidated company assesses the impairment losses of financial assets (including accounts receivable) and lease receivables measured at amortized cost based on expected credit losses on each balance sheet date.
- B. Accounts receivable and lease receivables are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether there is a significant increase in credit risk since the initial recognition. If there is no significant increase, the allowance loss is recognized based on the 12-month expected credit loss; if it has increased significantly, the allowance loss is recognized based on the expected credit loss during the duration.
- C. Expected credit loss is the weighted average credit loss based on the risk of default. The 12month expected credit loss refers to the expected credit loss caused by the possible default event of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument.

The impairment loss of all financial assets is reduced by the allowance account.

(3) Delisting of Financial Assets

The consolidated company only delists financial assets when the contractual rights from the cash flow of financial assets have lapsed, or the financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other companies.

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

2. Financial Liabilities and Equity Instruments

(1) Classification of liabilities or equity:

The debt and equity instruments issued by the amalgamating company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

An equity instrument refers to any contract that recognizes the remaining equity of the consolidated company after deducting all its liabilities from its assets. The equity instruments issued by the consolidated company are recognized at the amount obtained after deducting the direct issuance costs.

(2) Financial Liabilities

Financial liabilities are not held for trading and are not designated as those measured at fair value through profit and loss (including payables). The initial recognition is measured at fair value plus directly attributable transaction costs; subsequent evaluation adopts the effective interest method to amortize post-sale cost measurement.

(3) Delisting of Financial Liabilities

The consolidated company de-lists financial liabilities when contractual obligations have been fulfilled, cancelled, or expired.

When excluding financial liabilities, the difference between its book value and the total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

(15) Provision for Liabilities

When the consolidated company has a current obligation (statutory or constructive obligation) due to past events and is likely to be required to pay off the obligation, and the amount of the obligation can be reliably estimated, the liability provision shall be

recognized. The amount recognized as a liability reserve is based on the risk and uncertainty of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The provision for liabilities is measured by discounting the estimated cash flow of the settlement obligation.

(16) Income Recognition

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

1. Commodity sales revenue:

- (1) The consolidated company manufactures and sells audio-visual electronic products, various home appliances and other related products. Sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the designated location and meets the performance obligation, it will be deducted estimated customer returns, discounts, and other similar discounts. Based on historical experience and considering different contract conditions, the consolidated company estimates the possible sales returns and discounts, and recognizes refund liabilities (list other current liabilities) and product rights to be returned (list other current assets) . In principle, the credit period of the consolidated company to customers is from 10 days to 90 days from monthly settlement. The consideration for the sales revenue of commodities is the short-term accounts receivable. Since the discounting effect is not significant, it is measured based on the original invoice amount.
- (2) The consolidated company provides a standard warranty for the products it sells, and has the obligation to refund product defects, and recognize the liability provision when selling the goods.
- (3) Accounts receivables are recognized when the control of the product is transferred to the customer, because the consolidated company has an unconditional right to the contract price from that point in time, and the consideration can be collected from the customer only after time has passed. The advance receipts received before the product arrives are recognized as contract liabilities.

2. Labor Income

Labor income from maintenance services is recognized when labor services are provided. The income generated by the provision of labor services in accordance with the contract is recognized according to the degree of completion of the contract.

(17) Lease

The consolidated company assesses whether the contract belongs to (or contains) a lease on the date of contract establishment.

1. The consolidated company is the lessor:

When the lease clause transfers almost all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

When the amalgamating company subleases the right-of-use asset, it uses the right-of-use asset (not the underlying asset) to determine the classification of the sublease. However, if the main lease is a short-term lease for which the recognition exemption applies to the consolidated company, the sublease is classified as an operating lease.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis. The lease negotiation with the lessee is handled as the new lease from the effective date of the lease modification.

2. The consolidated company is the lessee:

Except for the lease payments of low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as the right-of-use asset and lease liability on the lease start date.

The right-of-use asset is originally measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease start date, minus the lease incentives received, the original direct cost and the estimated cost of restoring the underlying asset), and the subsequent cost minus accumulated depreciation and Measure the amount after the accumulated impairment loss and adjust the

remeasurement amount of the lease liability.

Except for those that meet the definition of investment real estate, right-of-use assets are separately expressed on the consolidated balance sheet. For the recognition and measurement of right-of-use assets that meet the definition of investment property, please refer to Note 4 (10) Accounting Policy for Investment Property.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the expiration of the service life or the expiration of the lease term, whichever is earlier.

The lease liability was originally measured at the present value of the lease payment. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate.

Subsequently, the lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period. If changes in the future lease payments during the lease period or changes in the index or rate used to determine lease payments result in changes in future lease payments, the consolidated company will then measure the lease liabilities and adjust the right-of-use assets accordingly. However, if the book value of the right-of-use assets has been reduced to zero, then the remaining remeasured amount is recognized in profit and loss. For lease modifications that are not treated as separate leases, remeasurement of the lease liability due to the reduction in the scope of the lease is to reduce the right-of-use assets and recognize the profit and loss of the partial or full termination of the lease; the remeasurement of the lease liability due to other modifications is to adjust the right-of-use assets. Lease liabilities are separately expressed in the consolidated balance sheet.

(18) Employee Benefits

Short-term employee benefits are measured by the expected non-discounted amount of cash paid and are recognized as expenses when the relevant services are provided.

Regarding the definite allocation plan, the amount of the retirement fund that should be allocated is recognized as the current pension cost based on accrual. The advance payment is recognized as an asset within the scope of refundable cash or reduced future payments.

The net obligation under the definite benefit plan is calculated by discounting the number

of future benefits earned by the employee in the current or past services, and the current value of the definite benefit obligation on the balance sheet date minus the fair value of the planned assets. The net obligation to determine benefits is calculated annually by actuaries using the projected unit benefit method, and the discount rate is determined by referring to the market yield rate of high-quality corporate bonds whose balance sheet date is consistent with the currency and period of the determined benefit plan; in high-quality corporate bonds for countries without a deep market, the market yield rate of government bonds (on the balance sheet date) is used. The remeasurement amount generated by the determined benefit plan is recognized in other comprehensive profit and loss in the current period and included in the retained surplus. The related expenses of the previous service cost are immediately recognized as profit and loss.

Resignation benefits are benefits provided when the employee's employment is terminated before the normal retirement date or when the employee decides to accept the company's welfare invitation in exchange for termination of employment. The merging company recognizes expenses when it is no longer able to withdraw the offer of resignation benefits or when the relevant restructuring costs are recognized, whichever is earlier. It is not expected that benefits paid in full 12 months after the balance sheet date should be discounted.

(19) Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction or production of a qualified asset is a part of the cost of the asset until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

Specific borrowings, such as investment income earned by temporary investment before the occurrence of capital expenditures that meet the requirements, are deducted from the borrowing costs that meet the capitalization conditions.

Except for the above, all other borrowing costs are recognized as profit or loss in the current period.

(20) Income Tax

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

1. Current Income Tax

The consolidated company determines the current income (loss) in accordance with the

laws and regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax based on it.

The undistributed surplus calculated in accordance with the provisions of the Income Tax Law of the Republic of China is subject to additional income tax, which is recognized in the annual shareholders' meeting.

Adjustments to income tax payable in previous years are included in current income tax.

2. Deferred Income Tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculating taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when there is a high probability of taxable income that can be used to deduct temporary differences or loss deductions.

Taxable temporary differences related to investment in subsidiaries are recognized as deferred income tax liabilities, but if the consolidated company can control the timing of the reversion of the temporary difference, and the temporary difference is likely to not revert in the foreseeable future except. The deductible temporary differences related to this type of investment will be recognized as deferred income tax only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to return in the foreseeable future assets.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of their assets. For those that have not been recognized as deferred income tax assets, they are also reviewed on each balance sheet date, and if they are likely to generate taxable income in the future for recovering all or part of their assets, the book amount will be increased.

Deferred income tax assets and liabilities are measured by the tax rate for the period in which the expected liability is settled, or the asset is realized. The tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the consolidated company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet

date.

3. Current and Deferred Income Tax

Current and deferred income taxes are recognized in profit or loss, but the current and deferred income taxes related to items recognized in other comprehensive profit or loss or directly included in equity are respectively recognized in other comprehensive profit or loss or directly included in equity.

5. Major sources of uncertainty in major accounting judgments, estimates and assumptions:

When the consolidated company adopts the accounting, policies described in Note 4, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who cannot easily obtain information about the carrying amounts of assets and liabilities from other sources. The estimates and related assumptions are based on historical experience and other factors deemed relevant. Actual results may differ from estimates.

Estimates and basic assumptions are continuously reviewed. If the revision of the estimate only affects the current period, it shall be recognized in the current period of the revision of the accounting estimate. If the revision of the accounting estimate affects both the current period and the future period, it shall be recognized in the current period and future period of the estimate revision.

The main sources of uncertainties in significant accounting judgments, estimates and assumptions of the consolidated company are as follows:

(1) Evaluation of Inventory

Since inventory must be priced at the lower of cost and net realizable value, the consolidated company must use judgment and estimation to determine the net realizable value of the inventory at the end of the financial reporting period.

Due to the rapid changes in the industry, the consolidated company assesses the amount of inventory due to normal depletion, obsolescence, or no market sales value at the end of the financial reporting period, and offsets the inventory cost to the net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future, so significant changes may occur.

(2) Estimated Impairment of Financial Assets

The estimated impairment of accounts receivable assumes of default rate and expected loss

rate of the consolidated company. The consolidated company considers historical experience, current market conditions and industrial economic conditions to make assumptions and select input values for impairment assessment. For the important assumptions and input values used, please refer to Note 6 (5). If the actual future cash flow is less than expected, a significant impairment loss may occur or the recognized impairment loss may be reversed.

(3) Assessment of impairment of non-financial assets:

In the process of asset impairment assessment, the consolidated company must rely on subjective judgments and determine the independent cash flow of a specific asset group, the number of years of asset durability, and the possible future gains and expenses based on asset usage patterns and industrial characteristics, any estimated changes brought about by the company's strategy or changes in the economy may cause significant impairment in the future.

(4) Investment impairment assessment using the equity method

When there are signs of impairment that an investment using the equity method may have been impaired and the carrying amount may not be recovered, the merging company immediately assesses the impairment of the investment. The consolidated company evaluates the impairment based on the future cash flow forecast of the invested company, including the sales growth rate and capacity utilization rate estimated by the internal management of the invested company, and analyzes the reasonableness of related assumptions.

(5) The realizability of deferred income tax assets:

Deferred income tax assets are recognized when there is likely to be sufficient taxable income to deduct temporary differences in the future. When assessing the realizability of deferred income tax assets, significant accounting judgments and estimates of management must be involved, including assumptions such as expected future sales revenue growth and profitability, tax exemption period, available income tax deductions and tax planning. Any changes in the global economic environment, industrial environment and laws and regulations may cause major adjustments in deferred income tax assets.

(6) Evaluation of Warranty Preparation

Incremental costs related to the after-sales maintenance of the product (such as labor costs (whether internal or external) and material costs) and other costs that cannot be claimed from the supplier for maintenance, is listed in accordance with the after-sales warranty

contract of the product or the warranty preparation policy of the merged company.

When determining the amount of warranty provision, the management estimates the possibility of repairs and returns based on experience, technical requirements, and average figures in the relevant industry. It is estimated that many factors may have an adverse effect, including additional modifications to the order in response to customer requirements or technical needs, and other unforeseen problems and circumstances. Any of these factors may affect the possibility of repairs or returns, and in turn affect the final repair and return costs involved in the future.

(7) Calculation of net defined benefit liabilities:

When calculating and determining the present value of benefit obligations, the consolidated company must use judgments and estimates to determine the relevant actuarial assumptions on the balance sheet date, including discount rates and future salary growth rates. Any change in actuarial assumptions may significantly affect the amount of benefit obligations determined by the consolidated company.

(8) Income Recognition

The estimates of returns and discounts related to sales revenue are estimated product returns and discounts that may occur based on historical experience and other known reasons. They are listed as a reduction in sales revenue in the period when the products are sold, and the consolidated company regularly reviews the estimated rationality.

6. Explanation of important accounting items:

(1) Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	\$ 2,660	\$ 2,484
Deposits in banks	477,555	521,610
Cash equivalents		
Time deposits	40,433	44,295
	<u>\$ 520,648</u>	<u>\$ 568,389</u>

The credit quality of the financial institutions with which the merged company has transactions is good, and the merged company has transactions with multiple financial institutions to diversify the credit risk, and the probability of default is expected to be very low.

(2) Financial assets measured at fair value through profit and loss:

	December 31, 2020	December 31, 2019
<u>Current</u>		
Measured at fair value through profit or loss :		
Fund beneficiary certificate	\$ 2,893	\$ 2,898

The net (loss) benefits of financial assets measured at fair value through profit and loss in 2020 and 2019 are NTD (5) thousand and NTD 136,000 (listed under "Other gains and losses").

(3) Financial assets measured at fair value through other comprehensive income:

Equity Instrument Investment

	December 31,2020	December 31,2019
<u>Current</u>		
Emerging stock — Clientron Corp.	\$ 87,312	\$ —
<u>Non-current</u>		
Emerging stock — Clientron Corp.	\$ —	\$ 115,617

The consolidated company's investment in domestic stocks is for the purpose of medium- and long-term holding, and it is expected to make a profit through long-term investment. The management believes that if the fair value fluctuation of the investment is included in the profit and loss, it is inconsistent with the investment plan, so it chooses to designate it as the fair value measurement through other comprehensive profit and loss. The consolidated company was approved by the board of directors on March 29th, 2021. In accordance with the company's financial plan, it plans to sell 5,100 thousand shares of Clinetron corporation. on the open market.

(4) Financial assets measured at amortized cost:

	December 31, 2020	December 31, 2019
<u>Current</u>		
Domestic investment		
Pledged time deposits	\$ 28,480	\$ —
Time deposits more than three months	54,720	—
	<u>83,200</u>	<u>—</u>
Foreign investment		
Time deposits more than three months	42,724	131,066
	<u>\$ 125,924</u>	<u>\$ 131,066</u>
Interest rate	<u>0.15%~0.56%</u>	<u>1.95%~2%</u>

For information on providing guarantees for financial assets measured at amortized cost, please refer to Note 8.

(5) Bills receivable and net accounts receivable:

	December 31, 2020	December 31, 2019
<u>Notes receivable</u>		
From operations	<u>\$ 12,736</u>	<u>\$ 12,853</u>
<u>Accounts receivable</u>		
At amortized cost		
Carrying amounts	\$ 155,355	\$ 192,428
Less: Loss allowance	(45,001)	(56,450)
	<u>\$ 110,354</u>	<u>\$ 135,978</u>

1. In principle, the credit period of the consolidated company to customers is from 10 days to 90 days from the monthly settlement, and the accounts receivable are not subject to interest. In order to reduce the credit risk, the management of the consolidated company assigns a dedicated team responsible for the determination of the credit limit, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue accounts receivable. In addition, the consolidated company will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure that the accounts receivable that cannot be recovered have been properly deducted.

2. The consolidated company recognizes the allowance loss of notes and accounts receivable based on expected credit losses during the duration. The expected credit loss during the lifetime is based on the customer's past default history, current financial status, past collection experience, and observable changes in the national or regional economic situation related to the default of accounts receivable, and are set according to the loss patterns of different customer groups to determine the expected credit loss rate.
3. If there is evidence that the counterparty of the transaction is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount, for example, the counterparty is in liquidation or the debt has been overdue for more than 2 years, the consolidated company will directly offset the relevant accounts receivable, however recourse activities will continue, and the amount recovered due to recourse is recognized in the profit and loss
4. The allowance loss for notes receivable and accounts receivable of the consolidated company is as follows:

December 31st, 2020

	Group A	Group B	Group C	Total
Carrying amounts	\$ 75,509	\$ 62,203	\$ 30,379	\$ 168,091
Loss allowance	(4,960)	(40,011)	(30)	(45,001)
Amortized cost	\$ 70,549	\$ 22,192	\$ 30,349	\$ 123,090

Group A is evaluated based on 0.04% to 100% for customers in Taiwan; Group B is evaluated based on 4.43% to 100% for customers in China; Group C is evaluated based on 0.03% to 0.09% for customers in Malaysia.

December 31st, 2019

	Group A	Group B	Group C	Total
Carrying amounts	\$ 90,384	\$ 95,041	\$ 19,856	\$ 205,281
Loss allowance	(3,898)	(52,532)	(20)	(56,450)
Amortized cost	\$ 86,486	\$ 42,509	\$ 19,836	\$ 148,831

Group A is evaluated based on 0.05% to 100% for customers in Taiwan; Group B is evaluated based on 41.12% to 100% for customers in China; Group C is evaluated based on 0.03% to 0.09% for customers in Malaysia.

5. The aging analysis of notes receivable and accounts receivable is as follows:

	December 31, 2020			
	Notes receivable		Accounts receivable	
Not past due	\$	12,736	\$	98,368
Past due within 30 days		—		2,694
Past due 31-90 days		—		5,074
Past due 91-180 days		—		164
Past due over 181 days		—		49,055
	\$	12,736	\$	155,355
	December 31, 2019			
	Notes receivable		Accounts receivable	
Not past due	\$	12,853	\$	100,889
Past due within 30 days		—		2,978
Past due 31-90 days		—		1,268
Past due 91-180 days		—		2,296
Past due over 181 days		—		84,997
	\$	12,853	\$	192,428

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

6. The information on changes in notes receivable and allowance loss for accounts receivable is as follows:

	FY 2020	FY 2019
Balance, beginning of year	\$ 56,450	\$ 72,115
Reversal	(11,899)	(12,108)
Offset due to uncollectible	(103)	(1,991)
Effect of exchange rate change	553	(1,566)
Balance, end of year	\$ 45,001	\$ 56,450

(6) Other Receivables

	December 31, 2020	December 31, 2019
Assignment of claims receivable	\$ 8,755	\$ 27,387
Disposal of land receivable	—	16,000
Tax refund receivable	509	295
Interest receivable	—	858
Guarantee receivable	2,212	2,175
Other receivable	13,633	23,319
Other receivable from related parties	98,605	101,101
	<u>123,714</u>	<u>171,135</u>
Less : Loss allowance	(85,436)	(92,612)
	<u>\$ 38,278</u>	<u>\$ 78,523</u>

1. The information on changes in allowance loss for other receivables is as follows

	FY 2020	FY 2019
Balance, beginning of year	\$ 92,612	\$ 93,542
Reversal	(7,248)	(2,057)
Offset	(8)	2,057
Offset due to uncollectible	—	(34)
Effect of exchange rate change	80	(896)
Balance, end of year	<u>\$ 85,436</u>	<u>\$ 92,612</u>

2. The company's subsidiary-ACTION ASIA (SHENZHEN) CO., LTD. (hereinafter referred to as Action Asia) and Qingdao Haier Electronics Co., Ltd. (hereinafter referred to as Haier Company) signed a "customized underwriting cooperation agreement" (including creditor's rights) in January 2016 Transfer agreement), the two parties agree that Haier will provide brand and platform resources, and Action Asia will be responsible for production and sales. In addition, according to the contract between the two parties, Action Asia shall purchase the accounts receivable (debt transfer agreement) of Haier Company's development of the box project before January 1st, 2015, and Haier Company shall deliver the credit certificate to Action Asia, the accounts receivable in the preceding paragraph If the payment is collected by Haier Company, it shall be transferred to Action Asia (debt transfer).

Due to the contract performance dispute between Action Asia and Haier Company, Action Asia re-evaluated the transaction mode and appointed a lawyer to evaluate the contract. The lawyer appointed that Haier Company has not fulfilled its obligations in accordance with the contract so far, and the contract should be invalid. Action Asia submitted an arbitration application to the China International Economic and Trade Arbitration

Commission on November 28th, 2016, stating that Action Asia has the right to terminate the contract in accordance with the law and requested Haier Company to return the money received from Action Asia.

Action Asia has signed a settlement agreement with Haier Company on March 29th, 2017, stipulating that Action Asia shall continue to perform the creditor's rights transfer agreement (this creditor's rights are hereinafter referred to as the contract payment), and will use Action Asia's accounts receivable from Haier Company and A deposit of NTD 142,828 thousand (NTD 32,407 thousand) was deposited to offset the remaining contract payment.

As of March 31st, 2017, Action Asia has paid the contract payment of Haier Company (including Action Asia's accounts receivable and deposit margin offset against Haier Company) RMB 178,900 thousand (RMB 40,593,000). The receivables of this debt assignment agreement on December 31st, 2020 and 2019 are NTD 8,755 thousand (RMB 2,000 thousand) and NTD 27,387 thousand (RMB 6,363 thousand), respectively, and other receivables are listed.

(7) Disposal group pending sale:

On March 29th, 2021, the board of directors decided to dispose of the 100% equity of ACTION TECHNOLOGY (JIAN) CO., LTD. held by the subsidiary company ALMOND GARDEN CORP., and the consolidated company has begun processing related sales matters, so December 31st, 2020 the assets and liabilities of ACTION TECHNOLOGY (JIAN) CO., LTD. are transferred to the disposal group for sale.

1. The main categories of assets and liabilities of the disposal group held for sale are as follows:

	December 31, 2020	
Cash and cash equivalents	\$	14,522
Accounts receivable, net		3,120
Prepayments		1,517
Other current assets		14
Property, plant and equipment		8,960
Investment property		71,546
	\$	99,679

	December 31, 2020
Accounts payable	\$ 1,544
Other payables	2,633
Other current liabilities	2,320
	\$ 6,497

The above information is compiled based on the amount after the merger of the inter-company transactions has been eliminated.

2. Income of the discontinued operations after the merger and write-off is as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Operating revenue	\$ 8,901	\$ 9,625
Operating costs	(5,044)	(5,452)
Gross profit	3,857	4,173
Operating expenses	(2,842)	(2,671)
Net operating income	1,015	1,502
Non-operating income and expenses		
Interest revenue	116	75
Other revenue	818	526
Other gains and losses	4,762	(201)
Total non-operating income and expenses	5,696	400
Income before income tax	\$ 6,711	\$ 1,902
Income from discontinued operations	\$ 6,711	\$ 1,902
Income attributable to shareholders of the parent	\$ 6,711	\$ 1,902

3. The cash flow information of discontinued operations is as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Operating activities	\$ 2,666	\$ 5,347
Investing activities	1,622	—
Financing activities	(1,042)	(1,915)
Cash inflow	<u>\$ 3,246</u>	<u>\$ 3,432</u>

(8) Inventory

	December 31, 2020	December 31, 2019
Raw materials	\$ 57,450	\$ 67,266
Work in progress	19,052	13,995
Finished goods	16,105	991
Goods	200,097	192,533
Goods in transit	20,488	53,765
	<u>\$ 313,192</u>	<u>\$ 328,550</u>

The inventory-related cost of goods sold of the consolidated company for the year ended December 31st, 2020 and 2019 are NTD 840,713 thousand and NTD 862,964 thousand, respectively. Please refer to Note 6 (28).

(9) Advance Payment

	December 31, 2020	December 31, 2019
Tax overpaid retained for offsetting future tax payable	\$ 35,155	\$ 33,609
Prepayments to suppliers	9,590	5,347
Other prepayments	8,765	10,084
	<u>\$ 53,510</u>	<u>\$ 49,040</u>

(10) Investment using the equity method:

Investment of associates

	December 31, 2020	December 31, 2019
<u>Significant associates</u>		
Non-pubic entity		
Dede Technology (Shenzhen) Co., Ltd.	<u>\$ 540,091</u>	<u>\$ 536,155</u>

1. The percentage of ownership and voting rights of the consolidated company in the affiliated company on the balance sheet date is as follows:

Company Name	December 31, 2020	December 31, 2019
Dede Technology (Shenzhen) Co., Ltd.	40%	40%

2. The following consolidated financial information is prepared on the basis of the consolidated financial reports of related companies IFRSs, and has already reflected the adjustments made when investing using the equity method.

(1) Significant associates

Dede Technology (Shenzhen) Co., Ltd

	December 31, 2020	December 31, 2019
Current assets	\$ 32,748	\$ 34,216
Non-current assets	967,670	963,339
Current liabilities	(125,511)	(84,796)
Non-current liabilities	(557,349)	(617,029)
Equity	\$ 317,558	\$ 295,730
Percentage of ownership	40%	40%
Equity attributable to consolidated company	\$ 127,023	\$ 118,292
Adjustment for right-of-use assets at fair value	413,068	417,863
Carrying amount	\$ 540,091	\$ 536,155

	For the year ended December 31, 2020	For the year ended December 31, 2019
Operating revenue	\$ 101,767	\$ 109,541
Profit	\$ 16,502	\$ 32,968
Percentage of ownership	40%	40%
Profit attributable to consolidated company	\$ 6,601	\$ 13,187
Adjustment for using equity method :		
Depreciation of right-of-use assets	(11,546)	(12,017)
Total comprehensive income	\$ (4,945)	\$ 1,170

- (2) The profits and losses enjoyed by the investment and consolidated companies that adopt the equity method are recognized based on the financial reports of the affiliated companies that have been reviewed by the accountant during the same period.

(11) Property, Plant and Equipment

	2020						
	Balance at Jan. 1, 2020	Additions	Disposals or retirements	Transfers	Classified as held for sale	Effect of exchange rate change	Balance at Dec. 31, 2020
<u>Cost</u>							
Land	\$ 107,586	\$ —	\$ —	\$ (64,359)	\$ —	\$ —	\$ 43,227
Buildings	197,744	114	—	(13,091)	(11,167)	641	174,241
Machinery and equipment	43,936	525	(25)	—	(27,466)	430	17,400
Mould equipment	56,917	1,691	(2,687)	—	(4,158)	(1,482)	50,281
Transportation equipment	26,604	2,615	(3,159)	—	(360)	(40)	25,660
Office equipment	22,198	1,728	(173)	(10)	(1,112)	(209)	22,422
Leasehold improvements	17,055	1,538	—	—	—	136	18,729
Other equipment	1,095	759	—	—	—	19	1,873
Equipment under installation and construction in progress	21,392	—	—	(21,392)	—	—	—
Subtotal	494,527	8,970	(6,044)	(98,852)	(44,263)	(505)	353,833
<u>Accumulated depreciation</u>							
Buildings	74,793	5,305	—	(8,976)	(2,281)	(224)	68,617
Machinery and equipment	29,457	2,390	(15)	—	(21,057)	290	11,065
Mould equipment	54,251	842	(2,687)	—	(3,832)	(1,485)	47,089
Transportation equipment	21,946	2,374	(3,159)	—	(342)	(43)	20,776
Office equipment	13,603	1,605	(131)	—	(1,057)	(78)	13,942
Leasehold improvements	12,257	2,497	—	—	—	113	14,867
Other equipment	430	232	—	—	—	12	674
Subtotal	206,737	15,245	(5,992)	(8,976)	(28,569)	(1,415)	177,030
<u>Accumulated impairment</u>							
Machinery and equipment	6,302	—	—	—	(6,408)	106	—
Mould equipment	321	—	—	—	(326)	5	—
Subtotal	6,623	—	—	—	(6,734)	111	—
Total	\$ 281,167	\$ (6,275)	\$ (52)	\$ (89,876)	\$ (8,960)	\$ 799	\$ 176,803

	2019						
	Balance at Jan. 1, 2019	Additions	Disposals or retirements	Acquired in a business combination	Reclassifi- cations	Effect of exchange rate change	Balance at Dec. 31, 2019
<u>Cost</u>							
Land	\$ 107,586	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 107,586
Buildings	199,358	3,037	—	—	(893)	(3,758)	197,744
Machinery and equipment	42,983	767	(204)	1,448	10	(1,068)	43,936
Mould equipment	55,568	2,132	—	—	—	(783)	56,917
Transportation equipment	27,227	515	—	—	—	(1,138)	26,604
Office equipment	18,974	2,289	(161)	1,421	—	(325)	22,198
Leasehold improvements	17,010	290	—	—	—	(245)	17,055
Other equipment	905	218	—	—	—	(28)	1,095
Equipment under installation and construction in progress	—	12,821	—	—	8,571	—	21,392
Subtotal	<u>469,611</u>	<u>22,069</u>	<u>(365)</u>	<u>2,869</u>	<u>7,688</u>	<u>(7,345)</u>	<u>494,527</u>
<u>Accumulated depreciation</u>							
Buildings	69,361	5,301	—	—	972	(841)	74,793
Machinery and equipment	26,719	2,661	(74)	947	—	(796)	29,457
Mould equipment	54,412	614	—	—	—	(775)	54,251
Transportation equipment	20,683	2,397	—	—	—	(1,134)	21,946
Office equipment	11,318	1,834	(153)	838	—	(234)	13,603
Leasehold improvements	10,118	2,267	—	—	—	(128)	12,257
Other equipment	132	314	—	—	—	(16)	430
Subtotal	<u>192,743</u>	<u>15,388</u>	<u>(227)</u>	<u>1,785</u>	<u>972</u>	<u>(3,924)</u>	<u>206,737</u>
<u>Accumulated impairment</u>							
Machinery and equipment	6,494	—	—	—	—	(192)	6,302
Mould equipment	330	—	—	—	—	(9)	321
Subtotal	<u>6,824</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(201)</u>	<u>6,623</u>
Total	<u>\$ 270,044</u>	<u>\$ 6,681</u>	<u>\$ (138)</u>	<u>\$ 1,084</u>	<u>\$ 6,71</u>	<u>\$ (3,220)</u>	<u>\$ 281,167</u>

- The property, plant and equipment of the consolidated company are depreciated based on the following durable years:

Buildings	5 to 56 years
Machinery and equipment	5 to 10 years
Mould equipment	5 years
Transportation equipment	4 to 6 years
Office equipment	3 to 10 years
Leasehold improvements	3 to 5 years
Other equipment	3 to 5 years
- The consolidated company is an active asset, and will jointly build the "Yisheng Zhihui Science and Technology Park" with the number 239 and 240-1 of the Zhongli Zhonggong Section and the number 241 of the Zhonggong Section held by Youyuanlai Investment Co., Ltd., and approved by the board of directors on June 15th, 2020, consolidated the company and reclassified the property as investment property with its book value at the time of change of use.
- For information on guarantees provided for property, plant and equipment, please refer

to Note 8.

(12) Lease Agreement-Lessee

1. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amounts		
Land	\$ 1,839	\$ 2,176
Buildings	38,924	47,189
Transportation equipment	1,790	—
	<u>\$ 42,553</u>	<u>\$ 49,365</u>
	December 31, 2020	December 31, 2019
Additions to right-of-use assets	<u>\$ 24,742</u>	<u>\$ 25,143</u>
Depreciation of right-of-use assets		
Land	\$ 538	\$ 568
Buildings	19,597	16,323
Transportation equipment	596	—
	<u>\$ 20,731</u>	<u>\$ 16,891</u>

- (1) Lands in Shanghai, Penang and Ji'an signed by the consolidated company to obtain land use rights contracts are subleased by operating leases. The relevant use right assets are listed as investment real estate. Please refer to Note 6(14). The aforementioned amount of right-of-use assets does not include right-of-use assets that meet the definition of investment property.
- (2) Except for the additional and recognized depreciation expenses listed above, the company's right-of-use assets did not undergo major sublease and depreciation in year ended December 31st, 2020 & 2019

2. Lease Liabilities

	December 31, 2020	December 31, 2019
Carrying amounts		
Current portion	\$ 19,405	\$ 15,373
Noncurrent portion	\$ 18,333	\$ 28,414

The discount rate ranges for lease liabilities are as follows:

	December 31, 2020	December 31, 2019
Buildings	1.63%~4.9%	1.63%~4.9%
Transportation equipment	7.13%	—

3. Important rental activities and terms:

- (1) The subject assets to be leased by the amalgamated company include houses and buildings and official vehicles. The lease contract period is usually between 2 to 5 years. The lease contract is negotiated individually and contains various terms and conditions. Except that the leased asset cannot be used as a loan guarantee, no other restrictions are imposed.
- (2) The consolidated company signed a land use right contract at Pendaftaran Hakmilik Tanah, Pulau Pinang in 2000. The lease term is 60 years, and the lease has been paid in full when the lease was signed. Right of land use rights, income rights, transfer and lease, etc. is granted within the land use period.
- (3) The consolidated company signed a land use right contract located in Pendaftaran Hakmilik Tanah, Pulau Pinang in 2002. The lease term was 48 years, and the lease was fully paid when the lease was signed. Right of land use rights, income rights, transfer and lease, etc. is granted within the land use period.
- (4) The consolidated company signed a land use right contract at the Ji'an County Land and Resources Bureau, Jiangxi Province in 2006. The lease term is 50 years, and the lease has been paid in full when the lease was signed. Right of land use rights, income rights, transfer and lease, etc. is granted within the land use period.
- (5) The consolidated company signed a land use right contract at the Shanghai Municipal Housing and Land Administration Bureau in 2007, the lease term is 50 years, and the

lease has been paid in full when the lease was signed. Right of land use rights, income rights, transfer and lease, etc. is granted within the land use period.

- (6) The consolidated company signed a contract for the right to use the building located in the Housing Bureau of Baoan District, Shenzhen in 2014. The lease term was 70 years, and the lease was paid in full when the lease was signed. Right of land use rights, income rights, transfer and lease, etc. is granted within the land use period.

4. Other Rental Information

	FY 2020	FY 2019
Expense relating to short-term leases	\$ 4,371	\$ 5,149
Expense relating to low-value asset leases	\$ 208	\$ 235
Total cash outflow for lease	\$ 25,536	\$ 21,553

The consolidated company chose to apply the exemption for recognition of short-term leases of houses and buildings and leases of low-value assets, and not recognize related right-of-use assets and lease liabilities for such leases.

(13) Lease Agreement-Lessor

- The assets leased by the consolidated company include land and buildings. The lease contract period usually ranges from 1 to 5 years. The lease contract is negotiated individually and contains various terms and conditions. In order to preserve the use of leased assets, the lessee is usually required not to sublet, sublet, or pledge all or part of the leased object and other restrictions and agreements.
- The benefits recognized by the consolidated company based on the operating lease contract are as follows:

	FY 2020	FY 2019
Rent income	\$ 150,522	\$ 164,118

3. FY2020

The analysis of the maturity date of the total lease payments receivable of the consolidated company under operating leases is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 126,879	\$ 150,538
Year 2	107,514	93,718
Year 3	65,632	69,946
Year 4	36,543	39,360
Year 5	7,298	26,738
	<u>\$ 343,866</u>	<u>\$ 380,300</u>

(14) Investment Property

	2020						
	Balance at Jan. 1, 2020	Additions	Disposals or retirements	Reclassificati ons	Classified as held for sale	Effect of exchange rate change	Balance at Dec. 31, 2020
<u>Cost</u>							
Land	\$ 69,342	\$ —	\$ —	\$ (1,932)	\$ —	\$ —	\$ 67,410
Buildings	1,049,516	2,181	(1,169)	(1,797)	(101,982)	15,379	962,128
Right-of-use assets	69,164	—	—	—	(3,879)	164	65,449
Investment property under construction in progress	—	115,595	—	92,345	—	—	207,940
Subtotal	<u>1,188,022</u>	<u>117,776</u>	<u>(1,169)</u>	<u>88,616</u>	<u>(105,861)</u>	<u>15,543</u>	<u>1,302,927</u>
<u>Accumulated depreciation</u>							
Buildings	173,174	23,897	(187)	(1,250)	(34,109)	2,631	164,156
Right-of-use assets	1,729	1,701	—	—	(206)	35	3,259
Subtotal	<u>174,903</u>	<u>25,598</u>	<u>(187)</u>	<u>(1,250)</u>	<u>(34,315)</u>	<u>2,666</u>	<u>167,415</u>
Total	<u>\$1,013,119</u>	<u>\$ 92,178</u>	<u>\$ (982)</u>	<u>\$ 89,866</u>	<u>\$ (71,546)</u>	<u>\$ 12,877</u>	<u>\$1,135,512</u>
	2019						
	Balance at Jan. 1, 2019	Additions	Disposals or retirements	Reclassificatio ns	Effect of exchange rate change		Balance at Dec. 31, 2019
<u>Cost</u>							
Land	\$ 69,342	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 69,342
Buildings	1,070,258	7,710	—	893	(29,345)		1,049,516
Right-of-use assets	70,903	—	—	—	(1,739)		69,164
Subtotal	<u>1,210,503</u>	<u>7,710</u>	<u>—</u>	<u>893</u>	<u>(31,084)</u>		<u>1,188,022</u>
<u>Accumulated depreciation</u>							
Buildings	153,986	24,433	—	(972)	(4,273)		173,174
Right-of-use assets	—	1,784	—	—	(55)		1,729
Subtotal	<u>153,986</u>	<u>26,217</u>	<u>—</u>	<u>(972)</u>	<u>(4,328)</u>		<u>174,903</u>
Total	<u>\$ 1,056,517</u>	<u>\$ (18,507)</u>	<u>\$ —</u>	<u>\$ 1,865</u>	<u>\$ (26,756)</u>		<u>\$ 1,013,119</u>

1. The investment property of the consolidated company is depreciated based on the following durability years:

Buildings	5 to 56 years
Right-of-use assets	28 to 41 years

2. The fair value of the investment property of the consolidated company as of December 31st, 2020 & 2019 is evaluated by independent experts on the balance sheet date using the third-level input value and inquiring the current price registration information. The evaluation is based on market value.

The fair value of investment real estate is as follows:

	December 31, 2020	December 31, 2019
Fair value	\$ 2,071,467	\$ 1,360,677

3. Rental income and direct operating expenses of investment property:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Rent income of investment property	\$ 150,412	\$ 164,009
Direct expenses attributed to rent income of investment property	\$ 35,460	\$ 40,917
Direct expenses attributed to other investment property	\$ 1,133	\$ 551

4. For information on guarantees provided by investment property, please refer to Note 8.

(15) Intangible Assets

	2020					
	Balance at Jan. 1, 2020	Additions	Disposals or retirements	Reclassifications	Effect of exchange rate change	Balance at Dec. 31, 2020
<u>Cost</u>						
Trademarks	\$ 295,345	\$ 365	\$ —	\$ —	\$ —	\$ 295,710
Patents	276	—	—	—	—	276
Goodwill	7,756	—	—	—	(42)	7,714
Customer relationship	12,143	—	—	—	—	12,143
Others	2,267	340	—	—	5	2,612
Subtotal	317,787	705	—	—	(37)	318,455
<u>Accumulated amortization</u>						
Trademarks	66,363	5,565	—	—	—	71,928
Patents	276	—	—	—	—	276
Customer relationship	9,208	1,215	—	—	—	10,423
Others	2,072	266	—	—	5	2,343
Subtotal	77,919	7,046	—	—	5	84,970
<u>Accumulated impairment</u>						
Goodwill	—	7,714	—	—	—	7,714
Subtotal	—	7,714	—	—	—	7,714
Total	\$ 239,868	\$ (14,055)	\$ —	\$ —	\$ (42)	\$ 225,771

	2019						
	Balance at Jan. 1, 2019	Additions	Disposals or retirements	Acquired in a business combination	Reclassifications	Effect of exchange rate change	Balance at Dec. 31, 2019
<u>Cost</u>							
Trademarks	\$ 295,061	\$ 284	\$ —	\$ —	\$ —	\$ —	\$ 295,345
Patents	276	—	—	—	—	—	276
Goodwill	—	—	—	8,145	—	(389)	7,756
Customer relationship	12,143	—	—	—	—	—	12,143
Others	2,190	84	—	—	—	(7)	2,267
Subtotal	309,670	368	—	8,145	—	(396)	317,787
<u>Accumulated amortization</u>							
Trademarks	60,832	5,531	—	—	—	—	66,363
Patents	276	—	—	—	—	—	276
Customer relationship	7,994	1,214	—	—	—	—	9,208
Others	1,807	272	—	—	—	(7)	2,072
Subtotal	70,909	7,017	—	—	—	(7)	77,919
Total	\$ 238,761	\$ (6,649)	\$ —	\$ 8,145	\$ —	\$ (389)	\$ 239,868

- The afore-mentioned intangible assets with limited service life are amortized on a straight-line basis based on the following service life:

Trademarks and patents	2 to 50 years
Customer relationship	10 years
Software and others	3 years

- The details of the amortization expenses of intangible assets are as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Manufacturing expenses	\$ 1,214	\$ 1,214
Selling expenses	5,565	5,531
General and administrative expenses	267	272
	\$ 7,046	\$ 7,017

- Goodwill is allocated to the cash-generating unit of the consolidated company:

Chongqing Zhiqixin Electronic Technology Development Co., Ltd.

	December 31, 2019
ATZ ELECTRONICS CO., LTD.	\$ 8,145

- (1) The consolidated company obtained the fair value assessment report on the acquisition date on July 30th, 2019. According to the assessment results, the fair value

of the goodwill of Chongqing Zhiqixin Electronic Technology Development Co., Ltd. on the acquisition date was NTD 8,145 thousand.

- (2) When the consolidated company conducts the impairment test on December 31st, 2019, the goodwill is allocated to the cash-generating unit of the consolidated company identified by the operating department, and the recoverable amount is evaluated based on the value in use of the cash-generating unit. The value in use is calculated based on the direct capitalization method of the income method with a capitalization rate of 16.19% and a liquidity discount of 27%. In year ended December 31st, 2019, no impairment loss of goodwill was recognized.

The consolidated company recognized the impairment loss of goodwill of NTD 7,714 thousand in accordance with the operating results and future of the cash-generating unit in the year ended December 31st, 2020.

(16) Short-term Loans

	December 31, 2020	December 31, 2019
Loans for material purchase	\$ 119,027	\$ 117,555
Collateralized loans	412,022	434,968
Total	\$ 531,049	\$ 552,523
Interest rate	1.05%~2.49%	1.59%~4.87%

Please refer to Note 8 for the provision of assets as guarantees for short-term loans.

(17) Notes payable and accounts payable:

	December 31, 2020	December 31, 2019
Notes payable	\$ 3,822	\$ 2,768
Accounts payable	109,710	103,901
	\$ 113,532	\$ 106,669

Please refer to Note 6 (39) for the disclosure of payables and other payables of the consolidated company exposed to exchange rate and liquidity risks.

(18) Other Payables

	December 31, 2020	December 31, 2019
Wages, salaries and bonus payable	\$ 40,031	\$ 42,804
Profit sharing bonus to employees	2,592	3,018
Compensation to directors	2,347	2,533
Royalty payable	41,613	43,514
Service payable	7,448	7,034
Payable on machinery and equipment	667	—
Others	40,900	48,188
	<u>\$ 135,598</u>	<u>\$ 147,091</u>

Others under other payables mainly consist of payable freight, environmental protection recovery charges, insurance premiums, preservation fees, inspection fees, electricity fees, house tax, travel expenses, after-sales service fees, platform usage fees and other payments.

(19) Provision for Liabilities

	FY 2020	FY 2019
<u>Warranty</u>		
Balance, beginning of year	\$ 24,547	\$ 23,912
Additions	9,676	4,958
Write-off	(6,249)	(3,445)
Reversal	(5,202)	(566)
Others	5,148	—
Effect of exchange rate changes	(486)	(312)
Balance, end of year	<u>\$ 27,434</u>	<u>\$ 24,547</u>
Current	<u>\$ 21,193</u>	<u>\$ 9,633</u>
Noncurrent	<u>\$ 6,241</u>	<u>\$ 14,914</u>

The warranty liability provision of the consolidated company is mainly related to the sales of application products such as home appliances and liquid crystal display players. The warranty liability provision is estimated based on the historical warranty information of the product. The consolidated company estimates that the liability provision will be in the next 1-2 years It happened one after another.

(20) Pension

1. Determine the appropriation plan:

A. Since July 1st, 2015, the company has established a definite retirement method in

accordance with the "Labor Pension Regulations", which is applicable to employees of their own nationality. The company applies the part of the labor pension system stipulated by the "Labor Retirement Regulations" for employees' choice, with a monthly contribution of 6% of the salary to the employee's personal account of the Labor Insurance Bureau, and the payment of the employee's pension is based on the employee's personal pension. The amount of the special account and accumulated income is received in the form of a monthly pension or a lump-sum pension.

- B. The company's overseas subsidiaries set aside a monthly pension based on a certain percentage of the total salary of local employees. The company has no further obligations other than the monthly payment.
- C. In the consolidated profit and loss statement of the consolidated company in year ended December 31st, 2020 & 2019, the pension cost of the afore-mentioned pension method was NTD 6,402,000 and NTD 6,396 thousand, respectively.

2. Determine the welfare plan:

In accordance with the provisions of the "Labor Standards Law", the company and its domestic subsidiaries have established welfare-determined retirement measures, which are applicable to the years of service of all regular employees before the implementation of the "Labor Pension Regulations" on July 1st, 2015, and in the implementation of the "Labor Pension Regulations" choose to continue to apply the labor standard law employees' follow-up service years. For employees who meet the retirement conditions, the pension payment is calculated based on the length of service and the average salary of the 6 months before retirement, service years of less than 15 years (inclusive) will be given 2 bases for each full year, and service years of more than 15 years will be given 1 base for each full year, but the cumulative maximum is limited to 45 bases. The company and its domestic subsidiaries allocate 3% to 10% of the total salary monthly to the retirement fund, which is deposited in the Bank of Taiwan in a special account in the name of the Labor Retirement Reserve Supervisory Committee. In addition, before the end of each year, the company and its domestic subsidiaries will estimate the balance of the special account for workers' retirement reserves in the preceding paragraph. If the balance is not enough to pay the pension amount calculated in accordance with the foregoing calculation for the estimated eligible workers in the next year, the company and

the domestic subsidiary will withdraw the balance before the end of March of the following year. This special account is managed by the Labor Fund Utilization Bureau of the Ministry of Labor, and the company has no right to influence the investment management strategy.

The confirmed benefit plan amounts recognized in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	\$ (69,277)	\$ (63,822)
Fair value of plan assets	34,915	28,234
Net defined benefit liability	\$ (34,362)	\$ (35,588)

The changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1, 2020	\$ (63,822)	\$ 28,234	\$ (35,588)
Service cost			
Current service cost	(1,049)	—	(1,049)
Interest expense	(433)	187	(246)
Components of defined benefit costs recognized in profit or loss	(1,482)	187	(1,295)
Remeasurement on the net defined benefit liability:			
Return on plan assets(excluding amounts included in interest expense)	—	981	981
Changes in financial assumptions	(1,897)	—	(1,897)
Experience adjustments	(2,076)	—	(2,076)
Components of defined benefit costs recognized in other comprehensive income	(3,973)	981	(2,992)
Contributions from employers	—	5,513	5,513
Benefits paid	—	—	—
Balance at December 31, 2020	\$ (69,277)	\$ 34,915	\$ (34,362)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1, 2019	\$ (61,748)	\$ 25,895	\$ (35,853)
Service cost			
Current service cost	(1,061)	—	(1,061)
Interest expense	(545)	223	(322)
Components of defined benefit costs recognized in profit or loss	(1,606)	223	(1,383)
Remeasurement on the net defined benefit liability:			
Return on plan assets(excluding amounts included in interest expense)	—	853	853
Changes in financial assumptions	(1,013)	—	(1,013)
Experience adjustments	(832)	—	(832)
Components of defined benefit costs recognized in other comprehensive income	(1,845)	853	(992)
Contributions from employers	—	2,640	2,640
Benefits paid	1,377	(1,377)	—
Balance at December 31, 2019	\$ (63,822)	\$ 28,234	\$ (35,588)

The consolidated company is exposed to the following risks due to the pension system of the "Labor Standards Law":

1. Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor retirement funds in equity securities, debt securities, and bank deposits through its own use and entrusted operations, but in accordance with the provisions of the "Labor Standards Law", the overall asset return It must not be lower than the local bank's 2-year fixed deposit interest rate; if the interest rate is lower than that, the national treasury will make up for it.
2. Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, but the debt investment returns of planned assets will also increase, and the impact of the two on the net defined welfare liabilities will partially offset the effect.
3. Salary risk: The calculation for determining the present value of the benefit obligation refers to the future salary of the plan members. Therefore, the increase in the salary of the plan members will increase the present value of the determined benefit obligation. The main assumptions of actuarial evaluation are listed as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.3%	0.6%~0.7%
Future salary increase rate	1.0%~1.5%	1.0%~1.5%

The changes in the main actuarial assumptions adopted on December 31st 2020 & 2019, will increase (decrease) the present value of the determined benefit obligation as follows:

December 31, 2020	Increase of actuarial assumptions 0.25%	Decrease of actuarial assumptions 0.25%
Discount rate	\$ (1,258)	\$ 1,291
Future salary increase rate	\$ 1,105	\$ (1,083)

December 31, 2019	Increase of actuarial assumptions 0.25%	Decrease of actuarial assumptions 0.25%
Discount rate	\$ (1,262)	\$ 1,298
Future salary increase rate	\$ 1,130	\$ (1,106)

The sensitivity analysis above is based on the analysis of the impact of a single assumption change while other assumptions remain unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities of the balance sheet. The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those in the previous period.

As of December 31st, 2020, the weighted average duration of the retirement plan was 7 to 8 years. In addition, the consolidated company expects to allocate NTD 2,638 thousand to the confirmed benefit plan within one year after the reporting date on December 31st, 2020.

(21) Equity

	December 31, 2020	December 31, 2019
Authorized capital	\$ 4,500,000	\$ 4,500,000
Issued capital	\$ 2,771,575	\$ 2,771,575

As of December 31st, 2020 & 2019, the company's nominal number of shares was 450,000 thousand shares, each with a par value of NTD 10, and the number of issued shares was 277,158 thousand shares.

(22) Capital Reserve

	FY 2020		
	Dividend of a claim extinguished by a prescription	From share of changes in equities of subsidiaries	Total
Balance at January 1, 2020	\$ 259	\$ —	\$ 259
From share of changes in equities of subsidiaries	—	1,343	1,343
Balance at December 31, 2020	\$ 259	\$ 1,343	\$ 1,602

	FY 2019
	Dividend of a claim extinguished by a prescription
Balance at January 1, 2019	\$ 259
Balance at December 31, 2019	

According to the provisions of the Company Law, the surplus from the issuance of shares in excess of the par value and the capital reserve obtained from the donation can be used to make up for losses. When the company has no accumulated losses, new shares or shares will be issued in proportion to the shareholders' original shares. cash. In addition, in accordance with the relevant provisions of the Securities Exchange Law, when the capital reserve above is allocated for capitalization, the total amount shall not exceed 10% of the paid-in capital each year. The company shall not use the capital reserve to

supplement the capital loss unless the surplus reserve is still insufficient to fill the capital loss.

(23) Retention of surplus and dividend policy:

1. According to the company's articles of association, if there is a surplus in the annual final accounts, the tax should be paid first to make up for the losses of the previous years. The 10% of the second allocation is the statutory surplus reserve, but when the statutory surplus reserve has reached the paid-in capital, It may no longer be listed. After the rest of the special surplus reserve is allocated or converted according to laws or regulations or 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 the distribution of shareholder dividends.
2. In addition, in accordance with the provisions of the company's articles of association on dividend policy, 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 budget and capital needs, the proportion of cash dividends shall not be less than 30% of the total dividends.
3. The statutory surplus reserve shall not be used except for making up the company's losses and issuing new shares or cash in proportion to the shareholders' original shares. However, if new shares or cash are issued, the portion of the reserve exceeding 25% of the paid-in capital shall be used as limit.
4. The company draws up and reverts the special surplus reserve in accordance with FSC Certificate No. 1010012865 and the "Questions and Answers Concerning the Application of Special Surplus Reserves after the adoption of International Financial Reporting Standards (IFRSs)". When the deduction balance of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part.
5. The company will hold a meeting of board of directors on March 29th, 2021, and proposes a surplus distribution proposal for the year ended December 31st, 2020. The distribution situation is as follows:

	Amount	Cash dividends per share(NT\$)
Legal capital reserve	\$ 4,370	\$ —
Special capital reserve	35,135	—
Cash dividends to shareholders	27,716	0.1
	<u>\$ 67,221</u>	

For information about the afore-mentioned surplus distribution, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

6. On June 15th, 2020, the company passed a resolution of the shareholders' meeting to approve the profit distribution plan of the year ended December 31st, 2019. The distribution situation is as follows:

	Amount	Cash dividends per share(NT\$)
Legal capital reserve	\$ 5,473	\$ —
Cash dividends to shareholders	60,975	0.22
	<u>\$ 66,448</u>	

For information about the afore-mentioned surplus distribution, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

7. The company passed the resolution of the shareholders' meeting on June 27th, 2019 and passed the profit distribution plan of the year ended December 31st, 2018. The distribution situation is as follows

	Amount	Cash dividends per share(NT\$)
Legal capital reserve	\$ 14,828	\$ —
Cash dividends to shareholders	88,690	0.32
	<u>\$ 103,518</u>	

For information about the afore-mentioned surplus distribution, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

(24) Special surplus reserve:

The company's original retained earnings (cumulative loss) was negative (cumulative loss) of NTD 175,305 thousand before the conversion of IFRSs on January 1st, 2013, and the net increase in undistributed surplus due to the conversion of IFRSs was NTD 379,723 thousand, the FSC Certificate No. 1010012865 of April 6th, 2012 stipulates that a special surplus reserve

of NTD 204,418 thousand shall be set aside within the scope of the surplus amount. When the company subsequently uses, disposes, or reclassifies related assets, the original proportion of special surplus reserves shall be reversed.

(25) Other equity items:

	Exchange differences arising on translation of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Total
Beginning balance as of Jan.1,2020	\$ (489,535)	\$ 49,617	\$ (439,918)
Exchange differences arising on translation of foreign operations	24,065	—	24,065
Adjustments from evaluation	—	(28,305)	(28,305)
Income tax effect	(4,813)	—	(4,813)
Ending balance as of December 31,2020	\$ (470,283)	\$ 21,312	\$ (448,971)

	Exchange differences arising on translation of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Total
Beginning balance as of Jan.1,2019	\$ (443,077)	\$ (8,166)	\$ (451,243)
Exchange differences arising on translation of foreign operations	(58,072)	—	(58,072)
Adjustments from evaluation	—	57,783	57,783
Income tax effect	11,614	—	11,614
Ending balance as of December 31,2019	\$ (489,535)	\$ 49,617	\$ (439,918)

(26) Non-controlling Interests

	For the year ended December 31,2020	For the year ended December 31,2019
Beginning balance	\$ (457)	\$ 4,801
Additional paid-in capital	(1,343)	—
Net loss for current period	(2,598)	(6,166)
Other comprehensive income for current period		
Exchange differences arising on translation of foreign operations	(88)	48
Increase or decrease on non-control interests	—	860
	<u>\$ (4,486)</u>	<u>\$ (457)</u>

(27) Operating Income

	For the year ended as of December 31,2020	For the year ended as of December 31,2019
Revenue of contracts with customer		
Revenue from sale of goods	\$ 1,050,550	\$ 1,133,654
Revenue from service	70,691	63,302
	<u>1,121,241</u>	<u>1,196,956</u>
Rental income	139,246	150,234
Other operating revenue	29,291	3,029
Less: Operating revenue from discontinued operations	(8,901)	(9,625)
Total	<u>\$ 1,280,877</u>	<u>\$ 1,340,594</u>

1. Please refer to Note 4 (16) for the description of revenue from customer contracts.

2. Contract balance

	As of December 31,2020	As of December 31,31,2019
Notes and accounts receivable (Note 6(5))	\$ 123,090	\$ 148,831
Contract liabilities-current		
Sales of goods sold	\$ 23,694	\$ 15,546

3. Subdivision of customer contract entry

	For the year ended December 31,2020		
	AAL	Taiwan	Total
Revenue from sale of goods sold	\$ 411,684	\$ 638,866	\$ 1,050,550
Revenue from service	—	70,691	70,691
Total	\$ 411,684	\$ 709,557	\$ 1,121,241

	For the year ended December 31,2019		
	AAL	Taiwan	Total
Revenue from sale of goods sold	\$ 391,072	\$ 742,582	\$ 1,133,654
Revenue from service	—	63,302	63,302
Total	\$ 391,072	\$ 805,884	\$ 1,196,956

4. Refund liabilities (list other current liabilities)

Based on historical experience and other known reasons, the consolidated company's estimated sales return and discount liabilities for the year ended December 31st, 2020 & 2019 were NTD 68,205 thousand and NTD 51,202 thousand, respectively, as of December 31st, 2020 and 2019, the balance of refund liabilities is NTD 27,084 thousand and NTD 13,162 thousand respectively.

(28) Operating cost

	For the year ended December 31,2020	For the year ended December 31,2019
Cost of good sold	\$ 828,528	\$ 858,392
Loss allowance on inventory	12,185	4,572
Service cost	79,614	70,351
Depreciation and house tax	32,607	34,461
Others	32,651	57,918
Operating cost attributable to discontinued operations	(5,044)	(5,452)
Total	\$ 980,541	\$ 1,020,242

(29) Interest income

	For the year ended December 31,2020	For the year ended December 31,2019
Interest of bank deposits	\$ 3,361	\$ 5,732
Other interest	22	10
Interest income attributable to discontinued operation	(116)	(75)
Total	\$ 3,267	\$ 5,667

(30) Other income

	For the year ended December 31,2020	For the year ended December 31,2019
Rental income	\$ 11,276	\$ 13,884
Dividend income	7,650	4,244
Guarantee income	29,080	30,352
Other income	4,565	4,223
Other income attributable to discontinued operations	(818)	(526)
Total	\$ 51,753	\$ 52,177

(31) Other gains and losses

	For the year ended December 31,2020	For the year ended December 31,2019
Gain (loss) on disposal or retirement of property 、 plant and equipment	\$ 526	\$ (72)
Gain on disposal of investment property	2,683	—
Gain on disposal of investments	78	71
Gain(loss)on translation of foreign currency	(7,099)	7,505
Gain(loss) on financial assets at fair value through profit and loss	(5)	136
Gain on lease modification	37	—
Impairment on intangible assets	(7,714)	—
Others	(661)	1,736
Other gain and loss attributable to discontinued operations	(4,762)	201
Total	\$ (16,917)	\$ 9,577

(32) Financial costs

	For the year ended December 31,2020	For the year ended December 31,2019
Interest expense from bank loan	\$ 9,400	\$ 14,506
Interest expense from lease liabilities	1,085	1,148
Other interest expense	1	4
Total	<u>\$ 10,486</u>	<u>\$ 15,658</u>

(33) Additional information on the nature of the fee

1. The employee benefits, depreciation and amortization expenses incurred in the current period are summarized as follows according to the function:

By nature \ By function	For the year ended December 31,2020		
	Recognized in cost of revenue	Recognized in operating Expense	Total
Employee benefits expense			
Payroll expense	\$ 81,176	\$ 120,360	\$ 201,536
Employee insurance expense	4,788	5,168	9,956
Post-employment benefits expense	2,674	5,023	7,697
Other employee benefits	4,653	6,485	11,138
Depreciation	42,558	19,016	61,574
Amortization	1,697	6,870	8,567

By nature \ By function	For the year ended December 31,2019		
	Recognized in cost of revenue	Recognized in operating Expense	Total
Employee benefits expense			
Payroll expense	\$ 69,204	\$ 120,397	\$ 189,601
Employee insurance expense	5,163	5,691	10,854
Post-employment benefits expense	2,559	5,220	7,779
Other employee benefits	2,715	8,371	11,086
Depreciation	40,341	18,155	58,496
Amortization	1,216	6,848	8,064

2. Employee benefits

- (1) According to the articles of association of the company, if the company makes a profit in the current year, it shall allocate no less than 5% for employee remuneration and no more than 4% for directors' remuneration; independent directors do not

participate in the distribution, but the company still accumulates in the event of a loss, the compensation amount shall be reserved. Employee remuneration can be made in stocks or cash, and its payment objects may include employees of affiliated companies who meet the conditions set by the board of directors.

The current year's profit as mentioned in the preceding paragraph refers to the current year's pre-tax benefits before deducting the distribution of employee compensation and directors' compensation.

The distribution of employee remuneration and directors' remuneration shall be made by the board of directors with more than two-thirds of the directors' present and a resolution approved by more than half of the directors present, and report to the shareholders meeting.

- (2) The employee compensation and director compensation estimated by the company in the year ended December 31st, 2020 & 2019 are estimated at 5% and 4% respectively:

	For the year ended December 31,2020	For the year ended December 31,2019
Employee compensation	\$ 2,592	\$ 3,018
Director's remuneration	\$ 2,073	\$ 2,414

The estimated amount is consistent with the amount resolved by the board of directors. The above employee compensation and director compensation will be paid in cash.

- (3) After the annual consolidated financial report is approved and issued, if the amount still changes, it will be treated according to the change in accounting estimates and adjusted and recorded in the next year.
- (4) Information on employee remuneration and directors' remuneration approved by the company's board of directors can be found at the Public Information Observatory.

(34) Income Tax

1. The adjustment of the income tax expense recognized in the profit and loss of the consolidated company in year ended December 31st, 2020 & 2019 is as follows

	For the year ended December 31,2020	For the year ended December 31,2019
Income tax calculated based on profit before tax and statutory rate	\$ 42,615	\$ 39,712
Income tax effect of deductible items under Tax Act	5,629	8,270
Tax-exempt on disposal of land	33,732	—
Effect of income tax carryforwards	2,098	(6,849)
Income tax adjustments on prior years	(64,120)	179
Current temporary differences	17,240	(25,397)
Income tax expense	<u>\$ 37,194</u>	<u>\$ 15,915</u>

The composition of income tax recognized in profit and loss for the current year is as follows:

	For the year ended December 31,2020	For the year ended December 31,2019
Current Income tax	\$ 31,351	\$ 15,779
Deferred income tax	5,843	136
Income tax expense recognized in profit and loss	<u>\$ 37,194</u>	<u>\$ 15,915</u>

2. The income tax of the consolidated company recognized under other comprehensive profits and losses in year ended December 31st, 2020 & 2019.

	For the year ended December 31,2020	For the year ended December 31,2019
Deferred income tax		
Remeasurement of defined benefit obligation	\$ (598)	\$ (199)
Translation difference in foreign operations	4,813	(11,614)
Income tax recognized in other comprehensive income	<u>\$ 4,215</u>	<u>\$ (11,813)</u>

3. Current income tax assets and current income tax liabilities:

(1) Income tax assets for the current period (listed other current assets)

	As of December 31,2020	As of December 31,2019
Tax return receivable	<u>\$ 797</u>	<u>\$ 469</u>

(2) Income tax liabilities for the current period

	As of December 31,2020	As of December 31,2019
Tax payable	\$ 3,892	\$ 4,412

4. Deferred income tax assets and liabilities

(1) The analysis of deferred income tax assets is as follows:

As of December 31,2020					
	Balance as of Jan 1	Recognized in Profit or loss during the period	Recognized in other comprehensive income (loss)	Effect of changes in foreign exchange rates	Balance as of Dec. 31
Temporary differences					
Unrealized loss on inventory valuation	\$ 180	\$ 5,039	\$ —	\$ 117	\$ 5,336
Allowance for loss	23,557	(11,475)	—	138	12,220
Unrealized warranty liability	224	(68)	—	2	158
Defined benefit obligation	745	—	598	—	1,343
Cumulative translation differences in foreign operation	68,122	—	(4,813)	—	63,309
Operating loss carryforward	113,428	(25,552)	—	—	87,876
	<u>\$ 206,256</u>	<u>\$ (32,056)</u>	<u>\$ (4,215)</u>	<u>\$ 257</u>	<u>\$ 170,242</u>

As of December 31,2019					
	Balance as of Jan 1	Recognized in Profit or loss during the period	Recognized in other comprehensive income (loss)	Effect of changes in foreign exchange rates	Balance as of Dec. 31
Temporary differences					
Unrealized loss on inventory valuation	\$ 186	\$ —	\$ —	\$ (6)	\$ 180
Allowance for loss	24,272	—	—	(715)	23,557
Unrealized warranty liability	231	—	—	(7)	224
Defined benefit obligation	483	63	199	—	745
Cumulative translation differences in foreign operation	56,508	—	11,614	—	68,122
Operating loss carryforward	113,428	—	—	—	113,428
	<u>\$ 195,108</u>	<u>\$ 63</u>	<u>\$ 11,813</u>	<u>\$ (728)</u>	<u>\$ 206,256</u>

(2) The analysis of deferred income tax liabilities is as follows:

As of December 31,2020					
	Balance as of Jan 1	Recognized in Profit or loss during the period	Recognized in other comprehensive income (loss)	Effect of changes in foreign exchange rates	Balance as of Dec. 31
Temporary Differences					
Gain on valuation of financial asset	\$ (431)	\$ 431	\$ —	\$ —	\$ —
Reserve for land revaluation increment	(25,517)	—	—	—	(25,517)
Investment income of long-term equity	(113,428)	25,552	—	—	(87,876)
Defined benefit obligation	(230)	230	—	—	—
Others	(11,010)	—	—	356	(10,654)
	<u>\$ (150,616)</u>	<u>\$ 26,213</u>	<u>\$ —</u>	<u>\$ 356</u>	<u>\$ (124,047)</u>
As of December 31,2019					
	Balance as of Jan 1	Recognized in Profit or loss during the period	Recognized in other comprehensive income (loss)	Effect of changes in foreign exchange rates	Balance as of Dec. 31
Temporary Differences					
Gain on valuation of financial asset	\$ (49)	\$ (382)	\$ —	\$ —	\$ (431)
Reserve for land revaluation increment	(25,517)	—	—	—	(25,517)
Investment income of long-term equity	(113,428)	—	—	—	(113,428)
Defined benefit obligation	(413)	183	—	—	(230)
Others	(11,108)	—	—	98	(11,010)
	<u>\$ (150,515)</u>	<u>\$ (199)</u>	<u>\$ —</u>	<u>\$ 98</u>	<u>\$ (150,616)</u>

5. Items not recognized as deferred income tax assets

	As of December 31,2020	As of December 31,2019
Amount for operating loss carryforwards	<u>\$ 259,125</u>	<u>\$ 243,474</u>
Amounts for temporary differences	<u>\$ 140,706</u>	<u>\$ 130,578</u>

6. As of December 31st, 2020, the undeducted losses of the consolidated company and the deduction period are as follows:

Occurrence year	Amount Declared /Amount Approved	Maturity year	Operating loss carryforwards
FY2006	Reviewed	2021	\$ 12,160
FY2007	Reviewed	2022	31,896
FY2008	Reviewed	2023	20,040
FY2009	Reviewed	2024	8,487
FY2020	Reviewed	2025	5,897
FY2020	Reviewed	2027	19,145
FY2001	Approved	2021	32,727
FY2004	Approved	2024	390,553
FY2005	Approved	2025	11,952
FY2007	Approved	2027	120,090
FY2008	Reviewed	2028	38,446
FY2009	Reviewed	2029	1,755
FY2020	Reviewed	2030	5,356
			<u>\$ 698,504</u>

7. The company's and domestic subsidiaries' profit-making business income tax assessment status is as follows:

Company name	Year of Assessment
The company	2018
Realise Tech-service Co.,Ltd	2018

(35) Earnings Per Share

	For the year ended Dec.31,2020	For the year ended Dec.31,2019
Basic earnings per share		
Continuing operation income	\$ 0.15	\$ 0.19
Discontinued operation income	0.02	0.01
Total for Basic earnings per share	<u>\$ 0.17</u>	<u>\$ 0.20</u>
Earnings per share-diluted		
Continuing operation income	\$ 0.15	\$ 0.19
Discontinued operation income	0.02	0.01
Total for earnings per share-diluted	<u>\$ 0.17</u>	<u>\$ 0.20</u>

1. Basic earnings per share

	For the year ended December 31,2020	For the year ended December 31,2019
Net Income attributable to stockholders of the parent company-Continuing operations	\$ 39,385	\$ 52,834
Net income attributable to stockholders of the parent company-Discontinued operation	6,711	1,902
Net income attributable to stockholders of the parent company	\$ 46,096	\$ 54,736
Weighted-average number of common stocks for basic earnings per share (thousand shares)	277,158	277,158
Earnings per share-basic (NTD) — Continuing operations	\$ 0.15	\$ 0.19
Earnings per share-basic(NTD) — Discontinued operation	0.02	0.01
Earnings per share-basic(NTD)	\$ 0.17	\$ 0.20

2. Diluted earnings per share

	For the year ended December 31,2020	For the year ended December 31,2019
Net income attributable to stockholders of the parent company — Continuing operations	\$ 39,385	\$ 52,834
Net income attributable to stockholders of the parent company — Discontinued operation	6,711	1,902
Net income attributable to stockholders of the parent company	\$ 46,096	\$ 54,736
Weighted-average number of common stocks for basic earnings per share (thousand shares)	277,158	277,158
Compensation of employees (thousand shares)	431	954
Weighted-average number of common stocks for earnings per share-diluted (thousand shares)	277,589	278,112
Earnings per share-basic (NTD) — Continuing operations	\$ 0.15	\$ 0.19
Earnings per share-basic (NTD) — Discontinued operation	0.02	0.01
Earnings per share-basic (NTD)	\$ 0.17	\$ 0.20

If the company can choose to pay employee compensation in stocks or cash, when calculating the diluted earnings per share, it is assumed that the employee compensation will be issued in the form of stocks, and the weighted average number of shares outstanding when the potential common stock has a dilutive effect is calculated as

diluted earnings per share. When calculating the diluted earnings per share before deciding on the number of shares to be issued for employee compensation in the following year, the dilution effect of these potential ordinary shares will also continue to be considered.

(36) Business Combination

1. Acquisition of subsidiaries:

	Main business and products	Acquisition date	Voting ownership interest/Acquisition percentage	Consideration transferred
Action Intelligent(Shenzhen) Co.,Ltd	R&D and sales of AI products	April 16,2019	100%	\$ —
ATZ Electronics Co.,Ltd	R&D and sales of auto products	April 12,2019	51%	\$ 9,041

The consolidated company plans to strengthen the development of smart products for automobiles and home appliances and acquire 100% of the shares of AIS.

The consolidated company plans to expand the automotive electronics market in mainland China and acquires 51% of the equity of ATZ Electronics Co.,Ltd.

2. Transfer consideration

	Action Intelligent(Shenzhen) Co.,Ltd	ATZ Electronics Co.,Ltd
Cash	\$ —	\$ 9,041

3. Assets acquired, and liabilities assumed on the date of acquisition

	Action Intelligent(Shenzhen) Co.,Ltd	ATZ Electronics Co.,Ltd
Assets		
Cash and cash equivalents	\$ 2,058	\$ 26
Other receivables	24	90
Inventories	—	3,850
Prepayments	—	142
Property, plant and equipment	704	380
Others	131	10
Liabilities		
Accounts payable	(1,480)	(130)
Other payables	—	(2,612)
Unearned Receipts	(1,437)	—
Total	\$ —	\$ 1,756

4. Non-controlling interests

The non-controlling interests of Pyramids Technology Corp. (49% of all interests) are measured by the identifiable net assets of non-controlling interests at the acquisition date of NTD 860 thousand.

5. Goodwill arising from acquisitions:

	ATZ Electronics Co.,Ltd
Consideration transferred	\$ 9,041
Less : The fair value of the net identifiable assets acquired	(896)
Goodwill arising from acquisitions	\$ 8,145

The goodwill generated by the acquisition of Pyramids Technology Corp. is mainly derived from the control premium. In addition, the consideration paid includes expected revenue growth and future market development. However, these benefits do not meet the recognition conditions for identifiable intangible assets, so they are not separately recognized.

6. Obtaining the net cash outflow of the subsidiary

	Action Intelligent(Shenzhen) Co.,Ltd	ATZ Electronics Co.,Ltd
Cash payment consideration	\$ —	\$ 9,041
Less : Balance for cash and cash equivalents acquired	(2,058)	(26)
	\$ (2,058)	\$ 9,015

7. The impact of business combination on business results

	For the year ended December 31,2019	
	Action Intelligent(Shenzhen) Co.,Ltd	ATZ Electronics Co.,Ltd
Revenue	\$ —	\$ —
Net loss	\$ (23,291)	\$ (5,628)

(37) Cash Flow Information

1. Investment activities with only partial cash payment:

(1) Property, plant, and equipment

	For the year ended December 31,2020	For the year ended December 31,2019
Purchase during current period	\$ 8,970	\$ 22,069
Add : Payables for equipment for year commencement	—	763
Less : Payables for equipment for year end	(667)	—
Less : Prepaid equipment expense	(2,545)	—
Cash payment during current period	<u>\$ 5,758</u>	<u>\$ 22,832</u>

(2) Investment property

	For the year ended December 31,2020	For the year ended December 31,2019
Purchase during current period	\$ 117,776	\$ 7,710
Effects of foreign exchange rates	—	(32)
cash payment during current period	<u>\$ 117,776</u>	<u>\$ 7,678</u>

2. Changes in liabilities from financing activities

	Short term loan	Deposit received	Lease debt	Total liabilities from financing
As of Jan.1,2020	\$ 552,523	\$ 20,122	\$ 43,787	\$ 616,432
Change in financing cash flow	(19,536)	1,654	(19,872)	(37,754)
Change in lease debt	—	—	13,605	13,605
Change in other non-cash	—	(762)	—	(762)
The effects of change in foreign exchange rates	(1,938)	(574)	218	(2,294)
As of Dec.31,2020	<u>\$ 531,049</u>	<u>\$ 20,440</u>	<u>\$ 37,738</u>	<u>\$ 589,227</u>

	Short term loan	Deposit received	Lease debt	Total liabilities from financing
As of Jan.1,2019 (After Remake)	\$ 730,629	\$ 25,049	\$ 34,304	\$ 789,982
Change in financing	(177,560)	(2,432)	(15,021)	(195,013)
Change in lease debt	—	—	25,143	25,143
Change in other non-cash	—	(1,868)	—	(1,868)
The effects of change in foreign exchange rates	(546)	(627)	(639)	(1,812)
As of December 31,2019	<u>\$ 552,523</u>	<u>\$ 20,122</u>	<u>\$ 43,787</u>	<u>\$ 616,432</u>

(38) Capital Risk Management

The capital management objectives of the combined company are to ensure that the consolidated company can continue to operate, maintain the best capital structure to reduce capital costs, and provide remuneration to shareholders. In order to maintain or adjust the capital structure, the combined company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(39) Financial Instruments

1. Types of financial instruments

	As of December 31,2020	As of December 31,2019
<u>Financial assets</u>		
Cash and cash equivalents	\$ 520,648	\$ 568,389
Financial assets at fair value through profit or loss-current	2,893	2,898
Financial assets at fair value through other comprehensive income (non-current included)	87,312	115,617
Financial asset at amortized cost— current	125,924	131,066
Notes receivable	12,736	12,853
Accounts receivable	110,354	135,978
Other receivables	38,278	78,523
Other financial assets	15,670	—
Refundable deposit (non-current included)	6,663	4,036
<u>Financial liabilities</u>		
Short-term loan	\$ 531,049	\$ 552,523
Notes payable	3,822	2,768
Accounts payable	109,710	103,901
Other payables	135,598	147,091
Deposit received (non-current included)	20,440	20,122

2. Fair value information of financial instruments

The consolidated company divides financial instruments measured by amortized cost (including cash and cash equivalents, financial assets measured by amortized cost-current, bills receivable, accounts receivable, other receivables, other financial assets, the book amount of deposits of margin, short-term loans, notes payable, accounts payable, other payables and deposited margin) is a reasonable approximation of the fair value. For information on the fair value of financial instruments measured by fair value, please refer to Note 6 (40).

3. Financial risk management policy:

The financial risk management policies of the consolidated company are affected by the characteristics of the electronics and home appliance industries. The financial risks faced by the consolidated company include changes in working capital, credit risk and financial product investment.

In order to achieve the best risk position, the consolidated company intends to adopt the

following different strategies for different risks:

(1) Hedging strategies for changes in working capital:

The consolidated company has appropriate short-term bank loan quotas, and controls the timing of cash inflows and outflows, so as to maintain proper liquidity in capital allocation.

(2) Credit risk:

The consolidated company has a strict credit evaluation policy, which only deals with counterparties with good credit status, and uses credit protection measures in a timely manner to reduce credit risk.

(3) Financial product investment:

Among the equity financial products invested by the consolidated company, the financial assets whose fair value changes are included in the profit and loss and other comprehensive gains and losses have an active market, and the financial assets can be easily sold in the market at a price close to the fair value, and no significant flow is expected to have current risk.

(4) In terms of risk control, the head of the financial department shall conduct regular assessments to monitor transactions and profit and loss at any time, and report to the board of directors when abnormalities are found.

4. The nature and extent of major financial risks:

(1) Market risk

A. Exchange rate risk

(A) If the purchase and sales of the consolidated company are denominated in U.S. dollars, the fair value will change according to market exchange rate fluctuations. However, the company holds foreign currency assets and liabilities that are equal during the period of receipt and payment, and the major market risks can be compared with each other and offset.

(B) The business of the consolidated company involves a number of functional currencies. Therefore, due to exchange rate fluctuations, foreign currency assets and liabilities are affected by exchange rate fluctuations. Information on foreign currency assets and liabilities is as follows:

Unit: Thousands of Foreign Currency/ Thousands of NT\$
For the year ended December 31, 2020

(Foreign currency : Functional currency)	Foreign Currency	Exchange Rates	Carrying amount (NTD)	Sensitivity Analysis		
				Percentage of change	Impact on P&L	Impact on Equity
Financial assets						
Monetary items						
USD : HKD	\$ 1,005	7.75	\$ 28,617	1%	\$ 286	\$ 244
USD : CNY	1,764	6.51	50,234	1%	502	377
USD : NTD	3,156	28.48	89,884	1%	899	719
USD : MYR	4,900	4.01	139,540	1%	1,395	1,060
USD : SGD	774	1.32	22,052	1%	221	183
CNY : HKD	203	1.19	889	1%	9	8
CNY : NTD	121	4.38	527	1%	5	4
SGD : NTD	13	21.56	274	1%	3	2
EUR : NTD	4	35.02	147	1%	1	1
Non-monetary items						
USD : HKD	3	7.75	96			
Financial liabilities						
Monetary items						
USD : HKD	398	7.75	11,321	1%	113	94
USD : NTD	1,267	28.48	36,098	1%	361	289
USD : MYR	3,254	4.01	92,684	1%	927	705
CNY : NTD	3	4.38	117	1%	1	1

For the year ended December 31, 2019

(Foreign currency : Functional currency)	Foreign Currency	Exchange Rates	Carrying amount (NTD)	Sensitivity Analysis		
				Percentage of change	Impact on P&L	Impact on Equity
Financial assets						
Monetary Items						
USD : HKD	\$ 2,762	7.80	\$ 82,807	1%	\$ 828	\$ 698
USD : CNY	2,171	6.96	65,090	1%	540	488
USD : NTD	133	29.98	3,995	1%	40	32
USD : MYR	4,866	4.09	145,871	1%	1,459	1,109
USD : SGD	130	1.35	3,906	1%	39	32
CNY : HKD	203	1.12	874	1%	9	8
CNY : NTD	120	4.31	515	1%	5	4
SGD : NTD	13	22.28	283	1%	3	2
EUR : NTD	41	33.59	1,380	1%	14	11
Non-monetary items						
USD : HKD	23	7.8	688			
USD : NTD	2	29.98	54			
Financial liability						
Monetary items						
USD : HKD	285	7.80	8,543	1%	85	71
USD : NTD	289	29.98	8,655	1%	87	70
USD : MYR	2,043	4.09	61,251	1%	613	466

- (C) The unrealized exchange gains and losses of the consolidated company's monetary items that have a significant impact due to exchange rate fluctuations are explained as follows:

The foreign currency exchange gains (losses) (including realized and unrealized) of the consolidated company in the years ended December 31st, 2020 & 2019 were (NTD 7,099) thousand and NTD 7,505 thousand, respectively. Due to the various types of functional currencies of the merged entity, it is impossible to classify each major Affect foreign currency disclosure of exchange gains and losses.

B. Price Risk

- (A) Since the investment held by the amalgamating company has a public market price, the amalgamating company is exposed to price risk. In order to manage the price risk of financial instrument investment, the consolidated company has set a stop loss point, so it is expected that no significant price risk will occur. The consolidated company has no risk of commodity price risk.
- (B) The consolidated company mainly invests in financial products such as beneficiary certificates and domestic equity securities in the counter. The prices of these financial products will be affected by the uncertainty of the future value of the investment target. If the price of these financial products rises or falls by 1%, and all other factors remain unchanged, the net profit (loss) for after-tax in the years ended December 31st, 2020 & 2019 will be derived from the benefits of financial products measured at fair value through profit and loss. Or losses will increase or decrease by NTD 29,000; the gains or losses of equity investments measured at fair value in other comprehensive gains and losses will increase or decrease by NTD 873,000 and NTD 1,156 thousand, respectively.

C. Interest rate risk

If the borrowed money of the consolidated company is a fixed-rate debt, since changes in market interest rates will not affect future cash flows, there is no cash flow risk due to changes in interest rates, but fair value interest rate risks are borne.

For debts with floating interest rates, changes in market interest rates will cause the effective interest rates of debt financial products to change accordingly, which will cause future cash flows to fluctuate. Part of the risk is offset by cash held at floating interest rates and cash equivalents.

(2) Credit Risk

- A. Credit risk is the risk of financial losses incurred by the consolidated company due to the inability of customers or financial instrument counterparties to fulfill contractual obligations. In accordance with the internally specified credit policy, each operating entity in the amalgamating company must conduct management and credit risk analysis on each of its new customers before deciding the terms and conditions for payment and delivery. The internal risk control system evaluates the credit quality of customers by considering their financial status, experience and other factors. The limits of individual risks are set by the board of directors based on internal and external ratings, and the use of credit lines is regularly monitored. When the consolidated company sells goods, it has assessed the credit status of the counterparty of the transaction. It is expected that the counterparty of the transaction will not default, so the possibility of credit risk is extremely low. The financial assets and liabilities held for trading are traded through market orders or transactions with counterparties with good credit. It is expected that the counterparties will not default, so the possibility of credit risk is not high.
- B. In the years ended December 31st, 2020 & 2019, there was no case of exceeding the credit limit, and the management did not expect any major losses due to the non-performance of the counterparty.

(3) Liquidity Risk

- A. The cash flow forecast is executed by the financial department of the company and is summarized by the financial department of the company. The financial department of the company monitors the forecast of the liquidity requirements of the combined company to ensure that it has sufficient funds to meet its operational needs and maintain a sufficient unused loan commitment line at any time.

- B. When the remaining cash held by each operating entity exceeds the requirements for the management of working capital, the remaining funds are invested in interest-bearing demand deposits, time deposits and marketable securities, and the instruments selected by them have appropriate maturity. Daily may have sufficient liquidity to respond to the above forecast and provide sufficient dispatch water levels. As of December 31st, 2020 & 2019, the positions of the investments (except cash and cash equivalents) held by the consolidated company were NTD 159,169 thousand and NTD 249,581 thousand, respectively. It is expected that cash flow can be generated immediately to manage liquidity risk.
- C. The following table shows the non-derivative financial liabilities of the consolidated company, grouped according to the relevant maturity date. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contractual cash flow amount disclosed in the table below is the undiscounted amount.

As of December 31, 2020				
	Less than 1 year	1~2year	2~5year	Total
<u>Non-derivative financial liability</u>				
Short-term debt	\$ 532,590	\$ —	\$ —	\$ 532,590
Notes payable	3,822	—	—	3,822
Accounts payable	109,710	—	—	109,710
Other payables	135,598	—	—	135,598
Lease obligation (non-current included)	20,052	9,537	9,250	38,839
Deposit received (non-current included)	22	1,086	19,332	20,440
	<u>\$ 801,794</u>	<u>\$ 10,623</u>	<u>\$ 28,582</u>	<u>\$ 840,999</u>
As of December 31, 2019				
	Less than 1 year	1~2year	2~5year	Total
<u>Non-derivative financial liability</u>				
Short-term loan	\$ 554,542	\$ —	\$ —	\$ 554,542
Notes payable	2,768	—	—	2,768
Accounts payable	103,901	—	—	103,901
Other payables	147,091	—	—	147,091
Lease obligation (non-current included)	17,691	15,785	11,905	45,381
Deposit received (non-current included)	1,610	913	17,599	20,122
	<u>\$ 827,603</u>	<u>\$ 16,698</u>	<u>\$ 29,504</u>	<u>\$ 873,805</u>

(40) Fair Value Information

1. For information on the fair value of financial assets and financial liabilities of the consolidated company that are not measured by fair value, please refer to Note 6 (39) 2 for explanation. Please refer to Note 6 (14) for the information on the fair value of investment real estate measured by cost of the consolidated company.

2. The various levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Public quotation (unadjusted) of the same asset or liability in an active market.

Level 2: In addition to the public quotation included in the first level, the input value of an asset or liability that is directly (that is, price) or indirectly (that is derived from price) observable.

Level 3: The input value of an asset or liability that is not based on observable market data.

3. For financial instruments measured at fair value on December 31st, 2020 & 2019, the consolidated company is classified based on the nature, characteristics and risks of the assets and the basic level of fair value. The relevant information is as follows:

Fair value on a recurring basis	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	\$ 2,893	\$ —	\$ —	\$ 2,893
Financial assets at fair value through other comprehensive income — current	87,312	—	—	87,312
Total	<u>\$ 90,205</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 90,205</u>
Fair value on a recurring basis	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	\$ 2,898	\$ —	\$ —	\$ 2,898
Financial assets at fair value through other comprehensive income — noncurrent	115,617	—	—	115,617
Total	<u>\$ 118,515</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 118,515</u>

4. Evaluation techniques and assumptions used to measure fair value

The fair values of financial assets and financial liabilities that have standard terms and conditions and are traded in an active market are determined by reference to market quotes, including the stocks of the China Industrial Exchange and the beneficiary certificates of funds.

5. There was no transfer of the fair value hierarchy of financial assets in 2020 & 2019.

7. Related party transactions:

The transaction amount and balance between the company and its subsidiary (a related person of the company) have been eliminated when preparing the consolidated financial report and have not been disclosed in this note.

(1) Name and relationship of related parties:

Related party name	Categories
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	Associates
FARYEAR EDUCATION GROUP	Other related parties
TUNG YUH LOGISTICS CORPORATION	Other related parties (Note1)
YOU YUAN LAI INVESTMENT LTD.	Other related parties (Note 2)
BEST DENKI LTD.	Other related parties (Note 3)
WANG,KUO-CHIANG	Other related parties

Note 1: The company conducts director re-election at the shareholders' meeting on June 15th, 2020, and TUNG YUH LOGISTICS CORPORATION will not be a related party of the company from June 15th, 2020.

Note 2: The company conducts director re-election at the general meeting of shareholders on Jun.15, 2020, and YOU YUAN LAI INVESTMENT LTD. will be a related person of the company from June 15th, 2020.

Note 3: BEST DENKI LTD. was dissolved by a resolution of the board of directors on December 7th, 2017, and an extraordinary general meeting of shareholders was held on December 25th, 2017. It was approved that December 31st, 2017 was the date of dissolution. As of now, the liquidation process is still in progress.

(2) Major transactions with related parties:

1. Operating income-rental income

Related party categories／name	For the year ended December 31,2020	For the year ended December 31,2019
Other related parties	\$ 2,691	\$ —

2. Other operating costs

Related party categories／name	For the year ended December 31,2020	For the year ended December 31,2019
Other related Parties	\$ 1,646	\$ 5,329

3. Rental expenses: the rent is paid monthly and the price is negotiated by both parties.

Related party categories／name	For the year ended December 31,2020	For the year ended December 31,2019
Other related Parties	\$ 3,670	\$ 6,256

4. Logistics fees

Related party categories／name	For the year ended December 31,2020	For the year ended December 31,2019
Other related parties	\$ 10,060	\$ 24,205

5. Other income

(1) Rental income

Related party categories／name	For the year ended December 31,2020	For the year ended December 31,2019
Other related parties	\$ 320	\$ 320

(2) Endorsement guarantee income

Related party categories／name	For the year ended December 31,2020	For the year ended December 31,2019
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	\$ 29,080	\$ 30,352

6. Net accounts receivable

Related party categories／name	As of December 31,2020	As of December 31,2019
Other related parties	\$ 7,811	\$ 4,691
Less : Allowance for loss	(4,691)	(3,619)
Sub-Total	3,120	1,072
Account receivable attributable to discontinued segment	(3,120)	—
	\$ —	\$ 1,072

7. Other receivables

Related party categories/name	As of December 31,2020	As of December 31,2019
BEST DENKI LTD.	\$ 93,353	\$ 93,353
Less : Allowance for loss	(74,469)	(63,110)
Sub-Total	18,884	30,243
Associates	5,252	7,748
Total	\$ 24,136	\$ 37,991

8. Other payables

Related party categories/name	As of December 31,2020	As of December 31,2019
Other related parties	\$ 2,158	\$ 4,991
Associates	685	6,026
	\$ 2,843	\$ 11,017

9. Deposit margin

Related party categories/name	As of December 31,2020	As of December 31,2019
Other related parties	\$ 92	\$ —

10. Endorsement guarantee amount

Related party categories/name	As of December 31,2020	As of December 31,2019
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	\$ 315,144	\$ 309,960
YOU YUAN LAI INVESTMENT LTD.	50,000	50,000
Total	\$ 365,144	\$ 359,960

(1) The consolidated company guarantees the bank loan of the De-de company with the equity of the De-de company. The guarantee amount is RMB 72 million. Please refer to Note 8 and Attached Table 2.

(2) The consolidated company will issue a guarantee note of NTD 50,000 thousand to YOU YUAN LAI INVESTMENT LTD. as a guarantee for the completion of the "Yishengzhihui Science and Technology Park" development project. Please refer to Note 6 (11).

(3) Reward for the main management

The remuneration information for directors and other key management members is as follows:

	For the year ended December 31,2020	For the year ended December 31,2019
Payroll and other short term employee benefits	\$ 36,363	\$ 29,076

8. Pledged assets

The details of the pledged assets of the consolidated company are as follows:

Items	Categories	Carrying amount	
		As of December 31,2020	As of December 31,2019
Time deposit (Financial asset at Amortized cost — current)	Bank line of credit	\$ 56,960	\$ —
Demand deposit(other current asset)	Seizured by court	15,670	—
Refundable deposit(noncurrent)	Purchase Guarantee	1,000	600
Investment using equity method	Bank loan for associates	540,091	536,155
Property plant and equipment-land and building	Bank line of credit	70,476	142,428
Right-of-use asset	Bank line of credit	10,712	11,471
Investment property-land and building	Bank line of credit	171,359	558,498
Total		\$ 866,268	\$ 1,249,152

9. Significant contingent liabilities and unrecognized contractual commitments

Except for those already mentioned in other notes, the major commitments, and contingencies of the consolidated company at the balance sheet date are as follows:

- (1) The consolidated company issues endorsement guarantee notes due to credit loan quotas and commitments. As of December 31st, 2020 and 2019, they were NTD 711,000 thousand and NTD 655,000 thousand, respectively.
- (2) The forward letters of credit issued by the consolidated company for purchasing commodities and raw materials as of December 31st, 2020 and 2019, were NTD 53,699 thousand and NTD 43,673 thousand in circulation, respectively.
- (3) A subsidiary of the company-Action Asia (Shenzhen) Co., Ltd. (Action Asia) and Shanghai Hanwang Geshi Equity Investment Fund Partnership (Limited Partnership) and Shanghai Geshi Equity Investment Fund Partnership in February 2015 (Limited Partnership) and He Anqi (hereinafter referred to as Shanghai Geshi Group) and other parties signed an agreement on the capital increase of Shenzhen Fuyunming Network Technology Co., Ltd. Shanghai Geshi Group believes that Shenzhen Fuyunming Internet Technology Co., Ltd. held

by its three parties has reached the equity repurchase conditions stipulated in the capital increase agreement, and Action Asia shall fulfill its obligation to repurchase shares and pay the share repurchase price. Therefore, in October 2019, an arbitration application was filed with the China International Economic and Trade Arbitration Commission, requesting that Action Asia should pay NTD 15,051 thousand (RMB 3,439 thousand) and interest of NTD 181,000 (RMB 41 thousand), and a false seizure of NTD 15,670 thousand (RMB 3,580 thousand) in the account funds of Action Asia was applied on January 19th, 2020. The case was heard by the China International Economic and Trade Arbitration Commission on September 14th, 2020 and is expected to be ruled before May 2nd, 2021. Due to the case being under trial, it is difficult to assess the impact on the merged company. In the future, if any additional impact of this event is generated, the consolidated company will evaluate it in accordance with accounting principles and disclose it in the financial report.

10. Major disaster losses: None.

11. Significant post-period events: none.

12. Others: None.

13. Note Disclosure Matters

When preparing the consolidated financial report, all major transactions between the parent and subsidiary companies and their balances have been eliminated.

(1) Information about major transactions:

1. Loan funds to others: Attached Table 1.
2. Endorsement guarantee for others: attached table two.
3. Circumstances of holding marketable securities at the end of the period: Attached Table 3.
4. The cumulative amount of buying or selling of the same securities reaches NTD 300 million or more than 20% of the paid-in capital: none.
5. The amount of real estate acquired reaches NTD 300 million or more than 20% of the paid-in capital: None.
6. The amount of disposition of real estate reaches NTD 300 million or more than 20% of the paid-in capital: None.
7. The amount of goods purchased or sold with related parties reaches NTD100 million or more than 20% of the paid-in capital: Note 4.

8. The amount due from a related party reaches NTD 100 million or more than 20% of the paid-in capital: None.
9. Engaged in derivatives trading: None.
10. Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries: Attached Table 5.

(2) Relevant information about reinvestment business:

The name of the investee company, its location... and other relevant information: Attached Table 6.

(3) Mainland China Investment Information:

1. The name of the Chinese investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, book value of investment at the end of the period, repatriated investment income and investment limits in China: Attached table seven.
2. Significant transactions that occur directly or indirectly with mainland investee companies via third regions, including their prices, payment terms, unrealized gains and losses, and other relevant information that helps to understand the impact of mainland investment on financial statements: Attached Table 1 ~ Schedule VI.

(4) Information on major shareholders: Attached Table 8.

14. Department Information

(1) General information

The management of the merged company operates its business and makes decisions from the perspective of the merged company system and geographical distinctions, mainly divided into the ACTION ASIA LTD. system (abbreviated as AAL system), ALMOND GARDEN CORP. system (abbreviated as AGC system) and the Taiwan region operating department. Reporting department.

(2) Measurement of departmental information

The chief operating decision maker of the consolidated company evaluates the performance of each operating department based on the after-tax net profit. The departmental net profit after tax reported by the consolidated company to the chief operating decision maker is measured in the same way as the income and expenses in the income statement. There is no material inconsistency between the accounting policies of

the operating department of the consolidated company and the summary of important accounting policies described in Note 4.

The departments that the consolidated company should report are as follows:

AAL department: Mainly produces automotive electronics and related accessories in Malaysia and Shenzhen, China, researches, produces and sells electronic products and accessories in Shenzhen, China, and operates warehousing and logistics services in Shanghai.

AGC Department: Mainly engaged in the production of imported raw materials.

Taiwan region: mainly engaged in the sales and maintenance of various electrical appliances and home appliances under the Kolin brand.

(3) Adjustment information of departmental profit and loss

The following reportable departmental information provided to key decision makers does not include the amount of any suspended business unit. Please refer to Note 6 (7) for the description of the suspended business unit.

Unit: Thousands of NTD					
For the year ended December 31,2020					
	AAL	AGC	Taiwan	Adjustments	Total
<u>Segment Revenue</u>					
Revenue from non-related party	\$ 545,773	\$ —	\$ 735,104	\$ —	\$1,280,877
Revenue from related party	—	27,670	1,081	(28,751)	—
Segment revenue	<u>\$ 545,773</u>	<u>\$ 27,670</u>	<u>\$ 736,185</u>	<u>\$ (28,751)</u>	<u>\$1,280,877</u>
<u>Segment P&L</u>					
	\$ 63,827	\$ (1,630)	\$ (25,410)	\$ —	\$ 36,787
Segment P&L including :					
Depreciation and amortization	(40,178)	—	(26,836)	—	(67,014)
Investment gain or loss under equity method	(4,945)	25,711	69,533	(95,244)	(4,945)
Income tax expense	(36,135)	—	(1,059)	—	(37,194)

For the year ended December 31,2019					
	AAL	AGC	Taiwan	Adjustments	Total
<u>Segment Revenue</u>					
Revenue from non-related party	\$ 533,909	\$ —	\$ 806,685	\$ —	\$1,340,594
Revenue from related party	—	26,406	—	(26,406)	—
Segment revenue	\$ 533,909	\$ 26,406	\$ 806,685	\$ (26,406)	\$1,340,594
<u>Segment P&L</u>	\$ 83,102	\$ 3,125	\$ (39,559)	\$ —	\$ 46,668
Segment P&L including :					
Depreciation and amortization	(40,342)	—	(23,234)	267	(63,309)
Investment gain or loss under equity method	1,170	34,336	97,159	(131,495)	1,170
Income tax expense	(15,779)	—	(136)	—	(15,915)

(4) Product-specific information

The main product and labor income composition of the combined company is as follows:

Product Categories	For the year ended December 31,2020		For the year ended December 31,2019	
	Amount	%	Amount	%
Revenue from AI electronics manufacturing system	\$ 413,522	32	\$ 393,299	29
Revenue from sales of goods sold of own brand and logistic service	728,110	57	806,685	60
Revenue from rental of warehouse and plant	139,245	11	140,610	11
Total	\$ 1,280,877	100	\$ 1,340,594	100

(5) Local difference information

The difference information of the consolidated company in year ended December 31st, 2020 & 2019

Non-current assets do not include assets classified as financial instruments and deferred income tax assets.

	For the year ended December 31,2020		For the year ended December 31,2019	
	Net Revenue	Non-current Asset	Net Revenue	Non-current asset
Taiwan	\$ 735,104	\$ 546,712	\$ 806,685	\$ 519,206
Mainland China	133,687	973,523	114,170	989,551
USA	347,995	—	355,012	—
Others	64,091	75,654	64,727	84,139
Total	<u>\$ 1,280,877</u>	<u>\$ 1,595,889</u>	<u>\$ 1,340,594</u>	<u>\$ 1,592,896</u>

(6) Important customer information

The customer details of the consolidated company's sales amounted to more than 10% of the total operating income in year ended December 31st, 2020 and 2019 are as follows:

	For the year ended December 31,2020		For the year ended December 31,2019	
Customer name	Sales Amount	Segment	Sales Amount	Segment
Customer A	\$ 114,785	AAL	\$ 192,503	AAL
Customer B	224,651	"	136,559	"
Customer	137,636	"	64,758	"
	<u>\$ 477,072</u>		<u>\$ 393,820</u>	

Table 1

Financing provided to others for the year ended December 31,2020

Unit: Thousand NTD

No. (Note 1)	Lender	Counter Party	Financial statement account	Relate d Party	Maximum balance for the period	Ending balance	Actual amount provided	Intere st rate	Nature of financin g (Note2)	Amount of sales to counter-par ty	Reason for financing	loss allowanc e	Collateral		Limit of financing amount for individual counter-par ty	Limit of total financing amount	Note
													Item	Value			
1	ACTION INDUSTRIE S (M) SDN. BHD.	Action Electronics Co.,Ltd	Other receivables	Yes	\$ 30,020	\$ 28,480	\$ 28,480	1.70	2	\$ —	Working capital	\$ —	—	—	\$ 262,402	\$ 262,402	Note 3、 Note 4

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

(1) Fill in 0 for the issuer. (2) The investee company is numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The description of the nature of the fund loan is as follows:

(1) For those with business contacts, fill in 1. (2) Fill in 2 if there is a need for short-term financing.

Note 3: According to the operation method of fund loans to others, the total amount of fund loans shall not exceed 40% of the net value of the lending company's latest financial statements; the limit for a single company's capital loan is not to exceed 40% of the net value of the

company's latest financial statement; however, the capital loan to a foreign company that directly or indirectly holds 100% of the voting shares of the company or a foreign company that directly or indirectly holds 100% of the voting shares of the company is not subject to the aforementioned limit, but the total amount of loans and the amount of loans to individual companies shall not exceed twice the net value of the company that lent funds.

Note 4: ACTION INDUSTRIES (M) SDN. BHD. As of December 31st, 2020, the actual expenditure is NTD \$28,480 (a total of 1,000 thousand US dollars, based on the exchange rate NTD: USD=28.48:1).

Table 2

Endorsements/Guarantees provided to others for the year ended Dec.31,2020

Unit: Thousand NTD

No	Endorser/ Guarantor	Party being endorsed/guaranteed		Limit on endorsement amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement /guarantee collateralized by properties	Percentage of accumulated guarantee amount to net assets value per latest financial statements	Limit of total guarantee amount (Note 1)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in mainland China	Note
		Company name	Relationship with the Company											
0	ACTION ELECTRONICS CO., LTD.	ACTION ASIA DEVELOPMENT IND CO., LTD.	Subsidiary	\$2,618,710	\$1,000,000	\$1,000,000	\$ —	\$1,000,000	38.19	\$3,928,065	Y	—	—	
1	ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	Subsidiary	1,787,614	82,532	78,251	56,960	—	4.38	2,681,421	Y	—	—	

No	Endorser/ Guarantor	Party being endorsed/guaranteed		Limit on endorsement amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement /guarantee collateralized by properties	Percentage of accumulated guarantee amount to net assets value per latest financial statements	Limit of total guarantee amount (Note 1)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in mainland China	Note
		Company name	Relationship with the Company											
2	ACTION ELECTRONICS CO., LTD.	ACTION ASIA DEVELOPMENT IND CO., LTD.	Associate	718,308	315,288	315,144	315,144	315,144	43.87	1,077,462	—	—	Y	

Note 1: According to the operating method of endorsement and guarantee, the amount of external endorsement must not exceed 1.5 times the company's current net worth; the amount of endorsements to a single company must not exceed the company's current net worth. The current net worth is subject to the latest accountant report.

Table 3

Security held as of Dec.31,2020

Unit: Thousand NTD

Held company name	Type of Security and name of security	Nature of Relationship	Financial statement account	Ending Balance				Note
				Shares/Units	Carrying amount (Note2)	Percentage of ownership	Fair Value	
Action Electronics Co.,Ltd	Clientron Corp. Common stock	—	Financial assets at fair value through other comprehensive income-current	5,100,000	\$ 87,312	8.02%	\$ 87,312	
	TOA Optronics Corporation. Common stock	—	Financial assets at fair value through profit and loss-noncurrent	1,282,500	—	6.55%	—	
ALMOND GARDEN CORP.	BLOOMING ENTERPRISE CO.,LTD. Common stock	—	Financial assets at fair value through profit and loss-noncurrent	454,892	—	14.55%	—	
REALISE TECH-SERVICE CO., LTD.	First bank RMB high yield bond fund	—	Financial assets at fair value through profit and loss-current	300,000	2,893	—	2,893	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of International Financial Reporting Standard No. 9 "Financial Instruments".

Note 2: If measured by fair value, please fill in the book balance after fair value evaluation adjustment and deducting allowance for the book value in column B; if it is not measured by fair value, please fill in the book balance of the amortized cost (after deduction of allowance loss) in column B of the book amount.

Table 4

The amount of purchases and sales with related parties reaches NTD 100 million or more than 20% of the paid-in capital

Unit: Thousand NTD

Company name	Related Party	Nature of Relationship	Transactions				Reasons for abnormal transaction		Notes/accounts receivables(Payables)		Note
			Purchases(Sales)	Amount	Percentage of purchases(Sales)	Payment Terms	Unit price	Payment Terms	Ending Balance	Percentage of total receivables (Payables)	
ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	ACTION INDUSTRIES (M) SDN. BHD	Parent company	Sales	\$ 117,899	34%	30% prepaid , 70% L/C	NIL	NIL	\$ 40,982	70%	

Table 5

Intercompany relationships and significant intercompany transactions for the year ended December 31 2020

Unit: Thousand NTD

No (Note1)	Company name	Counter Party	Nature of relationships (Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of consolidated net revenue or total assets(Note 4)	
0	ACTION ELECTRONICS CO., LTD.	REALISE TECH-SERVICE CO., LTD	1	Net revenue from sale of goods	\$ 15,966	60 days from receiving goods	1%	
		ACTION ASIA DEVELOPMENT IND CO., LTD.	1	Other receivables from related parties	68,335	Note 3	2%	
1	REALISE TECH-SERVICE CO., LTD.	ACTION ELECTRONICS CO., LTD.	2	Net revenue from service	15,368	60 days from account reconciliation is completed	1%	
				Net revenue from sale of goods	15,687	60 days from receiving goods	1%	
2	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	ASD ELECTRONICS LIMITED	3	Receivables from related parties	18,969	75 days from receiving goods	1%	
		ACTION INDUSTRIES(M) SDN. BHD.	3	Net revenue from sale of goods	117,899	30% prepaid and 70% L/C	9%	
				Receivables from related parties	40,982	30% prepaid and 70% L/C	1%	
		ATZ ELECTRONICS CO., LTD.	1	Net revenue from sale of goods	8,664	120 days from receiving goods	1%	

No (Note1)	Company name	Counter Party	Nature of relationships (Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of consolidated net revenue or total assets(Note 4)	
3	ALMOND GARDEN CORP.	ACTION TECHNOLOGY (JIAN) CO., LTD.	1	Receivables from related parties	30,245	75 days from receiving goods	1%	
4	ASD ELECTRONICS LIMITED	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	3	Net revenue from sale of goods	18,421	90 days from receiving goods	1%	
				Receivables from related parties	19,317	90 days from receiving goods	1%	
5	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	2	Net revenue from technical service	20,981	45 days from account reconciliation is completed	2%	
6	ACTION INDUSTRIES(M)	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	3	Net revenue from sale of goods	14,607	60 days from receiving goods	1%	
	SDN. BHD.	ACTION ELECTRONICS CO., LTD.	2	Other receivables from related parties	28,480	Note 3	1%	

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the serial number column respectively. The method of filling in the serial number is as follows:

1. Fill in 0 for the parent company. 2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company.

Note 2: The relationship with the trader has the following three types, and the type can be marked (if it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary part does not need to be

disclosed again; if the subsidiary company has disclosed the transaction between one of its subsidiaries, the other subsidiary company need not be disclosed repeatedly.):

1. Parent company to subsidiary. 2. Subsidiary to parent company. 3. Subsidiary to subsidiary.

Note 3: The transaction is mainly in the nature of capital loans and advances on behalf of others, so it is not applicable.

Note 4: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the consolidated total assets; if it is a profit and loss account, it is calculated based on the cumulative amount of the period in the combined total revenue.

Note 5: Individual transaction amounts that do not reach 1% of the combined total revenue or combined total assets will not be disclosed; in addition, the asset side and income side are the methods of disclosure.

Note 6: When preparing this consolidated financial statement, it has been written off.

Table 5 (1)

Intercompany relationships and significant intercompany transactions for the year ended December 31,2019

Unit: Thousand NTD

No (Note1)	Company name	Counter Party	Nature of relationships (Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of consolidated net revenue or total assets(Note 4)	
0	Action Electronics Co.,Ltd	Realise Tech-service Co.,Ltd	1	Net revenue from sale of goods	\$ 14,910	60 days from receiving goods	1%	
		ACTION ASIA LTD.	1	Other receivables from related parties	70,205	Note 3	2%	
		ALMOND GARDEN CORP.	1	Other receivables from related parties	28,483	Note 3	1%	
1	Realise Tech-service Co.,Ltd	Action Electronics Co.,Ltd	2	Net revenue from service	13,940	60 days from account reconciliation is completed	1%	
				Net revenue from sale of goods	11,032	60 dys from receiving goods	1%	
2	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	ASD ELECTRONICS LIMITED	3	Receivables from related parties	19,968	75 days from receiving goods	1%	
		ACTION INDUSTRIES(M) SDN. BHD.	3	Net revenue from sale of goods	204,147	30% prepaid and 70% L/C	15%	
				Receivables from related parties	34,105	30% prepaid and 70% L/C	1%	
3	ALMOND GARDEN CORP.	ACTION TECHNOLOGY (JIAN) CO., LTD.	1	Receivables from related parties	32,026	75 days from receiving goods	1%	

No (Note1)	Company name	Counter Party	Nature of relationship(Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of consolidated net revenue or total assets(Note 4)	
4	ASD ELECTRONICS LIMITED	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	3	Revenue from sale of goods	26,406	90 days from receiving goods	2%	
5	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	2	Net revenue from technical service	27,228	45 days from account reconciliation is completed	2%	
6	ACTION ASIA LTD.	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	1	Other receivables from related parties	86,100	Note 3	2%	

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the serial number column respectively. The method of filling in the serial number is as follows:

1. Fill in 0 for the parent company. 2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company.

Note 2: The relationship with the trader has the following three types, and the type can be marked (If it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary part does not need to be disclosed again; if the subsidiary company has disclosed the transaction between one of its subsidiaries, the other subsidiary company need not be disclosed repeatedly.):

1. Parent company to subsidiary. 2. Subsidiary to parent company. 3. Subsidiary to subsidiary.

Note 3: The transaction is of the nature of other receivables-capital reduction, so it is not applicable.

Note 4: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the consolidated total assets; if it is a profit and loss account, it is calculated based on the cumulative amount of the period in the combined total revenue.

Note 5: Individual transaction amounts that do not reach 1% of the consolidated total revenue or consolidated total assets will not be disclosed; in addition, the asset side and income side are the methods of disclosure.

Note 6: When preparing this consolidated financial statement, it has been written off.

Table 6

The name of the investee company, its location... and other relevant information (not including the investee company in China)

Unit: Thousands of NTD ; Foreign Currency is one

Investor company	Investee company	Location	Main business	Initial Investment		Investment as of December 31,2020			Net income(loss) of investee company	Investment income(loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Action Electronics Co.,Ltd	ACTION ASIA LTD.	Singapore	Holding Company and investment	\$ 241,231	\$ 241,231	149,511,976	61.54	\$1,100,037	\$ 66,847	\$ 38,741	
	ALMOND GARDEN CORP.	BVI	Holding Company and investment	—	—	14,500,000	100.00	827,753	30,792	30,792	
	Best Denki Ltd.	Taiwan	Engaged in the sales and maintenance of various electrical appliances and home appliances	109,697	109,697	10,970,926	99.74	—	—	—	In liquidation
	Realise Tech-Service Co.,Ltd	Taiwan	After service of electronic information products	60,000	60,000	6,000,000	100.00	22,209	2,992	2,992	
	Action Asia Development Ind Co.,Ltd	Taiwan	Leasing of housing and industrial plant. Leasing and sales of real estate	200,000	100,000	20,000,000	100.00	193,345	(5,278)	(5,278)	

Investor company	Investee company	Location	Main business	Initial Investment		Investment as of December 31,2020			Net income(loss) of investee company	Investment income(loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
ALMOND GARDEN CORP.	ASD ELECTRONICS LIMITED	Hong kong	R&D and sales of electronic products	46,200	46,200	4,175,000	100.00	12,371	(356)		
	ACTION ASIA LTD.	Singapore	Holding Company and investment	482,845	482,845	93,452,231	38.46	687,558	66,847		
ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	Malaysia	Manufacturing and sales of automotive LCD TV	54,911	54,911	13,200,000	100.00	117,131	7,619		
ACTION INDUSTRIES(M) SDN. BHD.	ACTION-TEK SDN. BHD.	Malaysia	R&D of consumer electronic products	—	—	2	100.00	(677)	(44)		

Table 7

China Investment Information

Unit: Thousand NTD

Investee company	Main Business or products	Paid in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of Jan 1,2020	Investment flow		Accumulated outflow of investment from Taiwan as of Dec 31,2020	Net income(loss) of investee company	Percentage of ownership	Investment income(loss) recognized (Note 1)	Carrying Amount as of Dec.31,2020	Accumulated inward remittance of earnings as of Dec.31,2020	Note
					Out flow	Inflow							
ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	LCD TV Products	\$ 529,218	Invested in Mainland China through 100% owned Almond Garden Corp.	\$ 529,218	—	—	\$ 529,218	\$ 38	100.00	\$ 38	\$ 32,259	\$ —	Note 1 Note 2
ACTION TECHNOLOGY (JIAN) CO., LTD.	R&D,manufacturing, sales of electronic products and plant and equipment leasing	356,915	Invested in Mainland China through 100% owned Almond Garden Corp.	356,915	—	—	356,915	6,711	100.00	6,711	62,458	—	Note 1 Note 2
BLOOMING ENTERPRISE CO.,LTD.	Manufacturing and sales of electronic products and accessories	100,377	Through 100% owned Almond Garden to acquire 14.55% equity of Blomming Enterprise to reinvest in Mainland China	24,375	—	—	24,375	—	14.55	—	—	—	Note 2

Investee company	Main Business or products	Paid in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of Jan 1,2020	Investment flow		Accumulated outflow of investment from Taiwan as of Dec 31,2020	Net income(loss) of investee company	Percentage of ownership	Investment income(loss) recognized (Note 1)	Carrying Amount as of Dec.31,2020	Accumulated inward remittance of earnings as of Dec.31,2020	Note
					Out flow	Inflow							
SHANGHAI ACTION TECHNOLOGY CO., LTD.	R&D,manufacturing,sales of electronic products and accessories . Warehousing service	594,004	Invested in Mainland China through 100% owned Action Asia Ltd.	339,959	—	—	339,959	64,132	100.00	64,132	945,800	—	Note 1 Note 2
ACTION ASIA (SHENZHEN) CO., LTD.	R&D,manufacturing,sales of electronic product and accessories	112,750	Invested in Mainland China through 100% owned Action Asia Ltd	—	—	—	—	10,766	100.00	10,766	717,278	—	Note 1 Note 2 Note 3

Table 7 (1)

Investee company	Main Business or products	Paid in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of Jan 1, 2020	Investment flow		Accumulated outflow of investment from Taiwan as of Dec 31, 2020	Net income(loss) of investee company	Percentage of ownership	Investment income(loss) recognized(Note 1)	Carrying Amount as of Dec.31, 2020	Accumulated inward remittance of earnings as of Dec.31, 2020	Note
					Outflow	Inflow							
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	Plant leasing service	\$ 512,344	Through 100% owned Action Asia Ltd. to acquire 100% equity of AAS to reinvest in Mainland China	\$ —	—	—	\$ —	\$ 16,502	40.00	\$ (4,945)	\$ 540,091	\$ —	Note 1 Note 2
ATZ ELECTRONICS CO., LTD.	R&D, manufacturing, sales of automotive products	24,470	Through 100% owned Action Asia Ltd. to acquire 100% equity of AAS to reinvest in Mainland China	—	—	—	—	(5,303)	51.00	(10,419)	(4,670)	—	Note 1 Note 2
ACTION INTELLIGENT (SHENZHEN) CO., LTD.	R&D and sales of AI electronic products	4,681	Through 100% owned Action Asia Ltd. to acquire 100% equity of AAS to reinvest in Mainland China	—	—	—	—	(5,535)	100.00	(5,535)	17	—	Note 1 Note 2

Note 1: Obtained based on the financial statements of the investee company checked by the Taiwanese parent company's certified accountant during the same period.

Note 2: The relevant figures in this table are all presented in New Taiwan dollars. For foreign currencies, the profit and loss accounts are converted into NTD at the weighted average exchange rate, and the balance sheet accounts are converted into NTD at the exchange rate

on the balance sheet date.

Note 3: In addition to the investment quota approved by the investment review committee, the investment review committee approved the "Asian Electronics (Shenzhen) Co., Ltd." for a total of NTD 202,102 thousand, which is not included in this Calculation of the company's investment quota in China.

Note 4: According to the investment quota of the Investment Review Committee of the Ministry of Economic Affairs, the enterprise that meets the paid-in capital of more than NTD 80 million: 60% of the net value.

Note 5: Shenzhen Action Industries

Electronics Co., Ltd. has been cancelled in 2006, and its accumulated investment from Taiwan is NTD 58,227 thousand (USD 2,100 thousand), and the investment has been repatriated as of December 31st, 2020 The income was NTD 21,327 (USD 668 thousand), and the repatriated investment shares amounted to NTD 67,044,000 (USD 2,100 thousand).

Note 6: The equity of Huayi Technology (Shenzhen) Co., Ltd. has been transferred in 2017, and its cumulative investment from Taiwan is NTD670,087 thousand.

Accumulated outflow of investment from Taiwan to Mainland China as of Dec 31,2020	Investment amounts authorized by Investment Commission, MOEA (Note 3)	Upper limit on investment in Mainland China (Note 4)
\$ 1,890,410	\$ 2,420,386	\$ 1,571,226

Table 8

Action Electronics Co.,Ltd
Main shareholder information
December 31st, 2020

Share	Share of ownership	Percentage of ownership
Major shareholders		
PENG CHUIN-PING	20,589,303	7.42%
TA PO INVESTMENT LTD.	16,716,170	6.03%

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by China National Security Company, and calculates that shareholders hold 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The above information. As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note 2: If the information on the Shanghai Development Bank is that shareholders deliver shares to the trust, they are disclosed in individual accounts by the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Public Information Observatory.

Appendix B

Action Electronics CO., LTD.
Parent Company Only Financial Statements and Independent
Auditor's Report for the Years Ended December 31st,
2020 and 2019

Address: No. 198, Zhongyuan Road, Zhongli District, Taoyuan City

Phone: (03) 451-5494

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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 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 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 from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the 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 estimates and related disclosures made by management.

4. conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 financial statements, including the disclosures, 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 scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all 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 charged with governance, we determined those matters that 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

CPA: _____

Li-Chen Peng, CPA

Approval number: FSC NO. 09600000880

FSC Review NO.1050025873

March 29th, 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)

		December 31.2020		December 31.2019	
		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 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					
Items that will not be reclassified subsequently to profit or loss					
8310					
8311	Remeasurement of defined benefit plans	(1,668)	-	(529)	-
	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 financial statements.

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

	Retained earnings					Others			
							Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve			
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			
							Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve			
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 financial statements.

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

	<u>2020</u>	<u>2019</u>
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	30,582
Cash flows from investing activities		
Acquisition of financial assets at amortized 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)
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 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 accrued.**

Action Electronics Co., Ltd.

Notes to the Parent company only Financial Report

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, except as otherwise indicated)

1. Company History

Action Electronics Co., Ltd. (hereinafter referred to as the company) was established on July 21st, 1976 and was converted from an over-the-counter trading center to a listed company in August, 2002. The company (hereinafter referred to as "the company") are mainly engaged in the business of sales, maintenance and installation services of various household appliances; the manufacturing, processing and trading of audio-visual electronic products; warehousing services, etc.

This Parent company only Financial Report is expressed in NTD, the company's functional currency.

2. The date and procedures for approving the financial report

This Parent company only Financial Report was approved by the board of directors on March 29th, 2021.

3. Application of newly issued and revised standards and interpretations:

(1) The impact of adopting the newly issued and revised International Financial Reporting Standards approved by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table sets forth the standards and interpretations of the new issuances, amendments and amendments to the International Financial Reporting Standards applicable to 2020 recognized by the FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 1 and IAS 8 "Disclosure of Materiality Definition"	January 1, 2020
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020 (Note)

The parent company only company has assessed that the above standards and interpretations have no significant impact on the financial status and financial performance of the company.

(2) The impact of the newly issued and revised International Financial Reporting Standards that have not yet been adopted by the FSC

The following table summarizes the newly issued, revised, and revised standards and interpretations of the International Financial Reporting Standards approved by the FSC in 2021

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 4“ Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

The company has assessed that the above standards and interpretations have no significant impact on the financial status and financial performance of the company.

(3) The impact of the International Financial Reporting Standards that have been issued by the International Accounting Standards Board but have not yet been approved by the FSC

The following table sets forth the new issuance, amendment and revision standards and interpretations that have been issued by the International Accounting Standards Board but have not yet been included in the International Financial Reporting Standards recognized by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17“Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1“Disclosure of Accounting Policies”	January 1, 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The company only company has assessed that the above standards and interpretations have no significant impact on the financial status and financial performance of the company.

4. Summary of Major Accounting Policies

A summary of the important accounting policies of the company is as follows:

(1) Compliance Statement

This parent company only Financial Report is prepared in accordance with the financial reporting standards for securities issuers.

(2) Preparation Basis

Except for the financial instruments measured at fair value and the current value of the defined benefit obligations minus the net defined benefit liabilities recognized at the fair value of the planned assets, this parent company only Financial Report is prepared on the historical cost basis.

The preparation of financial reports that comply with IFRSs requires the use of some important accounting estimates. In the process of applying the accounting policies of the amalgamating company, management also requires the use of its judgment, involving highly judged or complicated items, or involving major assumptions and estimates of the parent company only financial report. For items, please refer to Note 5 for instructions.

"The company" adopts the equity method when prepares individual financial reports for investment in subsidiaries. In order to concord the value of profit and loss, other comprehensive profit and loss and equity of this individual financial report the same as the current year's profit and loss, other comprehensive profit and loss and equity attributable to the owners of the company in both consolidated financial report and parent only financial report; certain accounting differences between the individual basis and the consolidated basis are adjusted. "Investment using the equity method", "Share of profit and loss of a

subsidiary recognized using the equity method", "Share of other comprehensive profit and loss of a subsidiary recognized using the equity method" and related equity items.

(3) Standards for distinguishing between current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets; assets that do not belong to current assets are classified as non-current assets:
 - (1) The asset is expected to be realized in the normal business cycle or intended to be sold or consumed.
 - (2) Holders mainly for trading purposes.
 - (3) Expected to be realized within twelve months after the balance sheet date.
 - (4) Cash or cash equivalents, except for those restricted in exchange or used to settle liabilities at least twelve months after the balance sheet date.
2. Liabilities that meet one of the following conditions are classified as current liabilities; those that do not belong to current liabilities are classified as non-current liabilities:
 - (1) Those expected to be settled during the normal business cycle.
 - (2) Holders mainly for trading purposes.
 - (3) Expected to be settled within twelve months after the balance sheet date.
 - (4) The settlement period cannot be unconditionally deferred to at least twelve months after the balance sheet date. The terms of the liability, which may be settled by the issuance of equity instruments based on the choice of the counterparty, do not affect its classification.

(4) Foreign Currency

When preparing financial reports, those who trade in currencies other than the individual's functional currency (foreign currency) are converted into functional currency records based on the exchange rate on the transaction day.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items is recognized in the profit and loss in the current period.

Foreign currency non-monetary items measured by fair value are converted at the exchange rate on the day when the fair value is determined, and the resulting conversion difference is listed in the current profit and loss. However, if the fair value change is recognized in other comprehensive gains and losses, the resulting conversion difference is listed in other

comprehensive profit and loss.

Non-monetary items in foreign currencies measured by historical cost are converted at the exchange rate on the transaction date and will not be converted again.

When preparing the financial report, the assets, and liabilities of foreign operating organizations (including subsidiaries and affiliates in countries where they operate or in currencies different from those of the company) are converted into NTD at the exchange rate on each balance sheet date. The income and expense items are converted at the average exchange rate of the current period, and the resulting conversion differences are listed in other comprehensive income and losses and are accumulated in the foreign operating institution's financial statements under equity.

If the company disposes of all the equity of the foreign operating organization, or disposes of part of the equity of the foreign operating organization's subsidiary but loses control, or the retained equity after the disposal of the foreign operating organization's affiliated company is a financial asset and shall be handled in accordance with the accounting policy of financial instruments, all accumulated exchange differences attributable to the owner of the company and related to the foreign operating organization will be reclassified to profit and loss.

If the partial disposal of a subsidiary of a foreign operating organization does not result in the loss of control, the accumulated exchange difference is re-attributed to the subsidiary's non-controlling interests in proportion and is not recognized as profit or loss. In the event that a significant influence remains after the disposal of the affiliated company of the foreign operating organization, the accumulated exchange difference will be reclassified to profit and loss based on the disposal ratio.

(5) Inventory

Inventory is evaluated based on the lower of cost and net realizable value. Inventory is calculated based on the weighted average method. Net realizable value refers to the balance of the estimated selling price minus the estimated costs and sales expenses that need to be invested in completion of the project.

(6) Investment accounted for using the equity method

The company uses the equity method to handle investments in subsidiaries.

A subsidiary refers to an entity that the company has control over. Under the equity method, the investment is initially recognized at cost, and the book amount obtained in the future

will increase or decrease with the company's share of subsidiary profits and losses and other comprehensive profits and losses and profit distribution. In addition, changes in the company's other rights and interests of subsidiaries are recognized based on the shareholding ratio.

When the company's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The investment book value and actual paid or received consideration at fair value difference, will be recognized as equity directly.

When the loss of "the company" equals or exceeds its equity in its subsidiary (including the book value and actual (including the book value of the subsidiary under the equity method and other long-term equity that is essentially part of the company's net investment in the subsidiary)), it is continued to recognize losses in proportion to shareholding.

The amount of the acquisition cost exceeding the company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries that constitute the business on the acquisition date is classified as goodwill, which is included in the carrying amount of the investment and cannot be amortized; The amount by which the net fair value of the identifiable assets and liabilities of the subsidiary's identifiable assets and liabilities that constitute the business on the day exceeds the acquisition cost is listed as the current income.

While assessing impairment, the company considers the cash-generating unit from the entire complete financial report and compares its recoverable amount with the book value.

Until the recoverable amount of the asset increases subsequently, the reversal of the impairment loss shall be recognized as an interest, but the book value of the asset after the reversal of the impairment loss shall not exceed the asset that should be deducted if the impairment loss is not recognized the book amount after amortization. The impairment loss attributable to goodwill cannot be reversed in subsequent periods.

When the company loses control over a subsidiary, it measures its remaining investment in its former subsidiary at the fair value on the date of loss of control. The fair value of the remaining investment and the difference between any disposal price and the book value of the investment on the date of loss of control are included in current period profit and loss. In addition, all amounts recognized in other comprehensive profits and losses related to the

subsidiary are accounted for on the same basis as the company's direct disposal of related assets or liabilities.

The unrealized gains and losses of downstream transactions between the company and its subsidiaries are eliminated in the individual financial report. The gains and losses arising from the counter-current and side-current transactions between the company and its subsidiaries are recognized in parent company only financial reports only to the extent that it is irrelevant with the company's equity in the subsidiaries.

(7) Property, Plant, and Equipment

Property, plant, and equipment are recognized at cost, and subsequently measured at the cost minus accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at the cost minus accumulated impairment losses. Cost includes professional service fees and borrowing costs that meet the capitalization conditions.

When these assets are completed and reach the expected state of use, they are classified into the appropriate categories of property, plant and equipment, and depreciation begins.

Except for self-owned land, which is not depreciated, the rest of the property, plant and equipment are depreciated on a straight-line basis within the service life of each significant part. The company shall review the estimated service life, residual value and depreciation method at least at the end of each year and postpone the effect of changes in applicable accounting estimates.

When property, plant and equipment are delisted, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

(8) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both (including property and right-of-use assets that meet the definition of investment property and are in the process of establishing a license). Investment property also includes land held for future use that has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs), and subsequently measured at the amount of cost minus accumulated depreciation and accumulated impairment losses.

The investment property acquired by the lease is initially measured at cost (including the

original measured amount of the lease liability and the lease payment paid before the lease start date), and subsequently measured at the amount after the cost minus the accumulated depreciation and accumulated impairment losses, and adjust the remeasurement of lease liabilities.

All investment property is depreciated on a straight-line basis.

Investment property under construction is recognized at the cost minus the accumulated impairment loss. Cost includes professional service fees and borrowing costs that meet the capitalization conditions. These assets begin to be depreciated when they reach the expected state of use.

Investment property is transferred to real estate, plant and equipment based on the book value on the day when it was transferred for self-use.

The property of property, plant and equipment is transferred to investment property based on the book value at the end of self-use.

When investment real estate is delisted, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

(9) Intangible Assets

1. Obtained Separately

Intangible assets with limited useful life acquired separately are initially measured at cost, and subsequently measured at the amount of cost minus accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis during the useful life. The company shall review the estimated useful life, residual value and amortization method at least at the end of each year and postpone the impact of changes in applicable accounting estimates.

2. Obtained from a Business Combination

The intangible assets obtained in a business combination are recognized at the fair value on the acquisition date and recognized separately from goodwill. The subsequent measurement method is the same as the intangible assets obtained separately.

3. In addition to the column:

When intangible assets are delisted, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

(10) Impairment of Non-Financial Assets

The company assesses on each balance sheet date whether there are any signs that property, plant and equipment, right-of-use assets, and intangible assets may have been impaired. If there are any signs of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less the cost of sale and its use value. If the recoverable amount of an individual asset or cash-generating unit is lower than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit and loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is adjusted to the revised recoverable amount, but the increased carrying amount does not exceed the asset or cash-generating unit if the impairment is not recognized in the previous year for the book amount determined at the time of the loss (minus amortization or depreciation). The reversal of the impairment loss is recognized in the profit and loss.

(11) Financial Instruments

Financial assets and financial liabilities are recognized on the balance sheet when the company becomes a party to the contractual terms of the instrument.

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized as profit and loss.

1. Financial Assets

Conventional transactions of financial assets are recognized and delisted by accounting on the transaction date.

(1) Type of Measurement

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

equity instrument investment measured at fair value through other comprehensive gains and losses.

A. Financial assets measured at fair value through profit and loss:

Financial assets measured at fair value through profit or loss include financial assets that are compulsorily measured at fair value through profit or loss. Mandatory financial assets measured at fair value through profit or loss include equity instrument investments that are not designated to be measured at fair value through other comprehensive profits and losses, and debt instrument investments that are not classified as measured at amortized cost or measured at fair value through other comprehensive profits and losses. Financial assets measured at fair value through profit and loss are measured at fair value, and the benefits or losses resulting from re-measurement are recognized in profit and loss.

B. Financial assets measured at amortized cost:

If the financial assets invested by the company meet the following two conditions, they are classified as financial assets measured at amortized cost:

- (a) It is held under a certain business model whose purpose is to hold financial assets to collect contractual cash flows; and
- (b) The terms of the contract generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash and cash equivalents, bills receivable, accounts receivable, other receivables and other financial assets measured at amortized cost) are based on the original recognition. The total book amount determined by the effective interest method is measured after deducting any impairment loss after amortization, and any foreign currency exchange gains and losses are recognized in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- (a) For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the

amortized cost of the financial asset.

- (b) For financial assets that are not purchased or original credit impairment, but subsequently become credit impairment, you should be confident to calculate interest income by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the impairment.

Equivalent cash includes time deposits that are highly liquid, convertible into fixed cash at any time and have little risk of value changes within 3 months from the date of acquisition and are used to meet short-term cash commitments.

- C. Investment in equity instruments measured at fair value through other comprehensive gains and losses:

At the time of initial recognition, the company can make an irrevocable choice to designate investment in equity instruments that are not held for trading and that are not recognized by the purchaser of a business merger or have consideration at fair value through other comprehensive gains and losses.

Equity instrument investments measured at fair value through other comprehensive gains and losses are measured at fair value, and subsequent changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. At the time of investment disposal, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Dividends from equity instrument investments measured at fair value through other comprehensive gains and losses are recognized in the profit and loss when the rights of the company to receive payments are established unless the dividend clearly represents part of the investment cost recovery.

(2) Impairment of Financial Assets:

- A. The company assesses the impairment losses of financial assets (including accounts receivable) and lease receivables measured at amortized cost based on expected credit losses on each balance sheet date.
- B. Accounts receivable and lease receivables are recognized as allowance losses based on expected credit losses during the duration. For other financial assets,

first assess whether there is a significant increase in credit risk since the initial recognition. If there is no significant increase, the allowance loss is recognized based on the 12-month expected credit loss; if it has increased significantly, the allowance loss is recognized based on the expected credit loss during the duration.

- C. Expected credit loss is the weighted average credit loss based on the risk of default. The 12month expected credit loss refers to the expected credit loss caused by the possible default event of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument.

The impairment loss of all financial assets is reduced by the allowance account.

(3) Delisting of Financial Assets

The company only delists financial assets when the contractual rights from the cash flow of financial assets have lapsed, or the financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other companies.

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

2. Financial Liabilities and Equity Instruments

(1) Classification of liabilities or equity:

The debt and equity instruments issued by the amalgamating company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

An equity instrument refers to any contract that recognizes the remaining equity of the company after deducting all its liabilities from its assets. The equity instruments issued by the company are recognized at the amount obtained after deducting the

direct issuance costs.

(2) Financial Liabilities

Financial liabilities are not held for trading and are not designated as those measured at fair value through profit and loss (including payables). The initial recognition is measured at fair value plus directly attributable transaction costs; subsequent evaluation adopts the effective interest method to amortize post-sale cost measurement.

(3) Delisting of Financial Liabilities

The company de-lists financial liabilities when contractual obligations have been fulfilled, cancelled, or expired.

When excluding financial liabilities, the difference between its book value and the total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

(12) Provision for Liabilities

When the company has a current obligation (statutory or constructive obligation) due to past events and is likely to be required to pay off the obligation, and the amount of the obligation can be reliably estimated, the liability provision shall be recognized. The amount recognized as a liability reserve is based on the risk and uncertainty of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The provision for liabilities is measured by discounting the estimated cash flow of the settlement obligation.

(13) Income Recognition

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

1. The company manufactures and sells audio-visual electronic products, various home appliances and other related products. Sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the designated location and meets the performance obligation, it will be deducted estimated customer returns, discounts, and other similar discounts. Based on historical experience and considering different contract conditions, the company estimates the

possible sales returns and discounts, and recognizes refund liabilities (list other current liabilities) and product rights to be returned (list other current assets) . In principle, the credit period of the company to customers is from 10 days to 90 days from monthly settlement. The consideration for the sales revenue of commodities is the short-term accounts receivable. Since the discounting effect is not significant, it is measured based on the original invoice amount.

2. The company provides a standard warranty for the products it sells, and has the obligation to refund product defects, and recognize the liability provision when selling the goods.
3. Account receivables are recognized when the control of the product is transferred to the customer, because the company has an unconditional right to the contract price from that point in time, and the consideration can be collected from the customer only after time has passed. The advance receipts received before the product arrives are recognized as contract liabilities.

(14) Lease

The company assesses whether the contract belongs to (or contains) a lease on the date of contract establishment.

1. The company is the lessor:

When the lease clause transfers almost all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

When the amalgamating company subleases the right-of-use asset, it uses the right-of-use asset (not the underlying asset) to determine the classification of the sublease. However, if the main lease is a short-term lease for which the recognition exemption applies to the company, the sublease is classified as an operating lease.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis. The lease negotiation with the lessee is handled as the new lease from the effective date of the lease modification.

2. The company is the lessee:

Except for the lease payments of low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as the right-of-use asset and lease liability on the lease start date.

The right-of-use asset is originally measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease start date, minus the lease incentives received, the original direct cost and the estimated cost of restoring the underlying asset), and the subsequent cost minus accumulated depreciation and measure the amount after the accumulated impairment loss and adjust the remeasurement amount of the lease liability.

Except for those that meet the definition of investment real estate, right-of-use assets are separately expressed on the balance sheet. For the recognition and measurement of right-of-use assets that meet the definition of investment property, please refer to Note 4 (10) Accounting Policy for Investment Property.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the expiration of the service life or the expiration of the lease term, whichever is earlier. The lease liability was originally measured at the present value of the lease payment. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate.

Subsequently, the lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period. If changes in the future lease payments during the lease period or changes in the index or rate used to determine lease payments result in changes in future lease payments, the company will then measure the lease liabilities and adjust the right-of-use assets accordingly. However, if the book value of the right-of-use assets has been reduced to zero, then the remaining remeasured amount is recognized in profit and loss. For lease modifications that are not treated as separate leases, remeasurement of the lease liability due to the reduction in the scope of the lease is to reduce the right-of-use assets and recognize the profit and loss of the partial or full termination of the lease; the

remeasurement of the lease liability due to other modifications is to adjust the right-of-use assets. Lease liabilities are separately expressed in the balance sheet.

(15) Employee Benefits

Short-term employee benefits are measured by the expected non-discounted amount of cash paid and are recognized as expenses when the relevant services are provided.

Regarding the definite allocation plan, the amount of the retirement fund that should be allocated is recognized as the current pension cost based on accrual. The advance payment is recognized as an asset within the scope of refundable cash or reduced future payments.

The net obligation under the definite benefit plan is calculated by discounting the number of future benefits earned by the employee in the current or past services, and the current value of the definite benefit obligation on the balance sheet date minus the fair value of the planned assets. The net obligation to determine benefits is calculated annually by actuaries using the projected unit benefit method, and the discount rate is determined by referring to the market yield rate of high-quality corporate bonds whose balance sheet date is consistent with the currency and period of the determined benefit plan; in high-quality corporate bonds for countries without a deep market, the market yield rate of government bonds (on the balance sheet date) is used. The remeasurement amount generated by the determined benefit plan is recognized in other comprehensive profit and loss in the current period and included in the retained surplus. The related expenses of the previous service cost are immediately recognized as profit and loss.

Resignation benefits are benefits provided when the employee's employment is terminated before the normal retirement date or when the employee decides to accept the company's welfare invitation in exchange for termination of employment. The merging company recognizes expenses when it is no longer able to withdraw the offer of resignation benefits or when the relevant restructuring costs are recognized, whichever is earlier. It is not expected that benefits paid in full 12 months after the balance sheet date should be discounted.

(16) Income Tax

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

1. Current Income Tax

The company determines the current income (loss) in accordance with the laws and

regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax based on it.

The undistributed surplus calculated in accordance with the provisions of the Income Tax Law of the Republic of China is subject to additional income tax, which is recognized in the annual shareholders' meeting.

Adjustments to income tax payable in previous years are included in current income tax.

2. Deferred Income Tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculating taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when there is a high probability of taxable income that can be used to deduct temporary differences or loss deductions.

Taxable temporary differences related to investment in subsidiaries are recognized as deferred income tax liabilities, but if the company can control the timing of the reversion of the temporary difference, and the temporary difference is likely to not revert in the foreseeable future except. The deductible temporary differences related to this type of investment will be recognized as deferred income tax only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to return in the foreseeable future assets.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of their assets. For those that have not been recognized as deferred income tax assets, they are also reviewed on each balance sheet date, and if they are likely to generate taxable income in the future for recovering all or part of their assets, the book amount will be increased.

Deferred income tax assets and liabilities are measured by the tax rate for the period in which the expected liability is settled, or the asset is realized. The tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and Deferred Income Tax

Current and deferred income taxes are recognized in profit or loss, but the current and deferred income taxes related to items recognized in other comprehensive profit or loss or directly included in equity are respectively recognized in other comprehensive profit or loss or directly included in equity.

5. Major sources of uncertainty in major accounting judgments, estimates and assumptions:

When the company adopts the accounting, policies described in Note 4, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who cannot easily obtain information about the carrying amounts of assets and liabilities from other sources. The estimates and related assumptions are based on historical experience and other factors deemed relevant. Actual results may differ from estimates.

Estimates and basic assumptions are continuously reviewed. If the revision of the estimate only affects the current period, it shall be recognized in the current period of the revision of the accounting estimate. If the revision of the accounting estimate affects both the current period and the future period, it shall be recognized in the current period and future period of the estimate revision.

The main sources of uncertainties in significant accounting judgments, estimates and assumptions of the company are as follows:

(1) Evaluation of Inventory

Since inventory must be priced at the lower of cost and net realizable value, the company must use judgment and estimation to determine the net realizable value of the inventory at the end of the financial reporting period.

Due to the rapid changes in the industry, the company assesses the amount of inventory due to normal depletion, obsolescence, or no market sales value at the end of the financial reporting period, and offsets the inventory cost to the net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future, so significant changes may occur.

(2) Estimated Impairment of Financial Assets

The estimated impairment of accounts receivable assumes of default rate and expected loss rate of the company. The company considers historical experience, current market conditions

and industrial economic conditions to make assumptions and select input values for impairment assessment. For the important assumptions and input values used, please refer to Note 6 (5). If the actual future cash flow is less than expected, a significant impairment loss may occur or the recognized impairment loss may be reversed.

(3) Assessment of impairment of non-financial assets:

In the process of asset impairment assessment, the company must rely on subjective judgments and determine the independent cash flow of a specific asset group, the number of years of asset durability, and the possible future gains and expenses based on asset usage patterns and industrial characteristics, any estimated changes brought about by the company's strategy or changes in the economy may cause significant impairment in the future.

(4) Investment impairment assessment using the equity method

When there are signs of impairment that an investment using the equity method may have been impaired and the carrying amount may not be recovered, the merging company immediately assesses the impairment of the investment. The company evaluates the impairment based on the future cash flow forecast of the invested company, including the sales growth rate and capacity utilization rate estimated by the internal management of the invested company, and analyzes the reasonableness of related assumptions.

(5) The realizability of deferred income tax assets:

Deferred income tax assets are recognized when there is likely to be sufficient taxable income to deduct temporary differences in the future. When assessing the realizability of deferred income tax assets, significant accounting judgments and estimates of management must be involved, including assumptions such as expected future sales revenue growth and profitability, tax exemption period, available income tax deductions and tax planning. Any changes in the global economic environment, industrial environment and laws and regulations may cause major adjustments in deferred income tax assets.

(6) Evaluation of Warranty Preparation

Incremental costs related to the after-sales maintenance of the product (such as labor costs (whether internal or external) and material costs) and other costs that cannot be claimed from the supplier for maintenance, is listed in accordance with the after-sales warranty contract of the product or the warranty preparation policy of the merged company.

When determining the amount of warranty provision, the management estimates the possibility of repairs and returns based on experience, technical requirements, and average figures in the relevant industry. It is estimated that many factors may have an adverse effect, including additional modifications to the order in response to customer requirements or technical needs, and other unforeseen problems and circumstances. Any of these factors may affect the possibility of repairs or returns, and in turn affect the final repair and return costs involved in the future.

(7) Calculation of net defined benefit liabilities:

When calculating and determining the present value of benefit obligations, the company must use judgments and estimates to determine the relevant actuarial assumptions on the balance sheet date, including discount rates and future salary growth rates. Any change in actuarial assumptions may significantly affect the amount of benefit obligations determined by the company.

(8) Income Recognition

The estimates of returns and discounts related to sales revenue are estimated product returns and discounts that may occur based on historical experience and other known reasons. They are listed as a reduction in sales revenue in the period when the products are sold, and the company regularly reviews the estimated rationality.

6. Explanation of important accounting items:

(1) Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	\$ 882	\$ 869
Deposits in banks	56,361	74,827
	<u>\$ 57,243</u>	<u>\$ 75,696</u>

The credit quality of the financial institutions with which the merged company has transactions is good, and the merged company has transactions with multiple financial institutions to diversify the credit risk, and the probability of default is expected to be very low.

(2) Financial assets measured at fair value through other comprehensive income:

Equity Instrument Investment

	December 31, 2020	December 31, 2019
<u>Current</u>		
Emerging stock — Clientron Corp.	\$ 87,312	\$ —
<u>Non-current</u>		
Emerging stock — Clientron Corp.	\$ —	\$ 115,617

The company's investment in domestic stocks is for the purpose of medium- and long-term holding, and it is expected to make a profit through long-term investment. The management believes that if the fair value fluctuation of the investment is included in the profit and loss, it is inconsistent with the investment plan, so it chooses to designate it as the fair value measurement through other comprehensive profit and loss. The company was approved by the board of directors on March 29th, 2021. In accordance with the company's financial plan, it plans to sell 5,100 thousand shares of Clinetron corporation. on the open market.

(3) Financial assets measured at amortized cost:

	December 31, 2020	December 31, 2019
<u>Current</u>		
Domestic investment		
Pledged time deposits	28,480	\$ —
Time deposits more than three months	42,720	—
	\$71,200	—
Interest rate	0.15% ~ 0.3%	

For information on providing guarantees for financial assets measured at amortized cost, please refer to Note 8.

(4) Bills receivable and net accounts receivable:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
From operations	<u>\$ 10,497</u>	<u>\$ 10,629</u>
<u>Accounts receivable</u>		
At amortized cost		
Carrying amounts	\$ 62,047	\$ 78,559
Less: Loss allowance	<u>(4,785)</u>	<u>(3,724)</u>
	<u>\$ 57,262</u>	<u>\$ 74,835</u>

1. In principle, the credit period of the company to customers is from 10 days to 90 days from the monthly settlement, and the accounts receivable are not subject to interest. In order to reduce the credit risk, the management of the company assigns a dedicated team responsible for the determination of the credit limit, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue accounts receivable. In addition, the company will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure that the accounts receivable that cannot be recovered have been properly deducted.
2. The company recognizes the allowance loss of notes and accounts receivable based on expected credit losses during the duration. The expected credit loss during the lifetime is based on the customer's past default history, current financial status, past collection experience, and observable changes in the national or regional economic situation related to the default of accounts receivable, and are set according to the loss patterns of different customer groups to determine the expected credit loss rate.
3. If there is evidence that the counterparty of the transaction is facing serious financial difficulties and the company cannot reasonably expect the recoverable amount, for example, the counterparty is in liquidation or the debt has been overdue for more than 2 years, the company will directly offset the relevant accounts receivable, however recourse activities will continue, and the amount recovered due to recourse is recognized in the profit and loss
4. The allowance loss for notes receivable and accounts receivable of the company is as follows:

December 31st, 2020

	Not past due	Past due within 30 days	Past due 31-90 days	Past due 91-180 days	Past due over 181 days	Total
Rate of expected credit loss	0.06%	0.07%	0.08%	0.08%	100%	
Carrying amounts	\$ 67,853	\$ —	\$ —	\$ —	\$ 4,691	\$ 72,544
Loss allowance	(94)	—	—	—	(4,691)	(4,785)
Amortized cost	<u>\$ 67,759</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 67,759</u>

December 31st, 2019

	Not past due	Past due within 30 days	Past due 31-90 days	Past due 91-180 days	Past due over 181 days	Total
Rate of expected credit loss	0.06%	0.06%	0.07%	0.07%	0.07%	
Carrying amounts	\$ 84,497	\$ —	\$ —	\$ —	\$ 4,691	\$ 89,188
Loss allowance	(105)	—	—	—	(3,619)	(3,724)
Amortized cost	<u>\$ 84,392</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,072</u>	<u>\$ 85,464</u>

5. The information on changes in allowance loss for accounts receivable is as follows:

	FY 2020	FY 2019
Balance, beginning of year	\$ 3,724	\$ 3,758
Accrued or reversal	1,115	(34)
Offset	(54)	—
Balance, end of year	<u>\$ 4,785</u>	<u>\$ 3,724</u>

(5) Other Receivables

	December 31, 2020	December 31, 2019
Disposal of land receivable	—	16,000
Other receivables	48	—
Other receivable from related parties	164,333	196,217
	<u>164,381</u>	<u>212,217</u>
Less : Loss allowance	(74,469)	(63,110)
	<u>\$ 89,912</u>	<u>\$ 149,107</u>

The information on changes in allowance loss for other receivables is as follows

	FY 2020	FY 2019
Balance, beginning of year	\$ 63,110	\$ 63,145
Accrued	11,367	—
Offset due to uncollectible	(8)	(35)
Balance, end of year	<u>\$ 74,469</u>	<u>\$ 63,110</u>

(6) Inventory

	December 31, 2020	December 31, 2019
Finished goods	\$ 93	\$ 860
Goods	147,211	184,332
Goods in transit	8,508	8,684
	<u>\$ 155,812</u>	<u>\$ 193,876</u>

1. The inventory-related cost of goods sold of the company for the year ended December 31st, 2020 and 2019 are NTD 840,713 thousand and NTD 862,964 thousand, respectively. Please refer to Note 6 (28).
2. The company's cost of sales in the year of 2019 including 3,280 thousand of the benefit of the rebound of the net realizable value of inventories. The rebound of the net realizable value of inventories was mainly due to the sale of inventories that had been assessed for losses in previous years.

(7) Investment using the equity method:

Investment of subsidiaries

	December 31, 2020	December 31, 2019
Non-pubic entity		
ACTION ASIA LTD.	\$ 1,100,037	\$ 1,140,897
ALMOND GARDEN CORP.	827,753	819,710
REALISE TECH-SERVICE CO., LTD.	22,209	20,277
ACTION ASIA DEVELOPMENT IND CO., LTD.	193,345	98,623
	<u>\$ 2,143,344</u>	<u>\$ 2,079,507</u>

1. The percentage of ownership and voting rights of the company in the affiliated company on the balance sheet date is as follows:

Company Name	December 31, 2020	December 31, 2019
ACTION ASIA LTD.	61.54%	61.54%
ALMOND GARDEN CORP.	100.00%	100.00%
REALISE TECH-SERVICE CO., LTD.	100.00%	100.00%
ACTION ASIA DEVELOPMENT IND CO., LTD.	100.00%	100.00%

(8) Property, Plant and Equipment

	2020				
	Balance at Jan. 1, 2020	Additions	Disposals or retirements	Reclassifica tions	Balance at Dec. 31, 2020
<u>Cost</u>					
Land	\$106,762	\$ —	\$ —	\$ (64,817)	\$ 41,945
Buildings	52,565	99	—	(13,229)	39,435
Machinery and equipment	7,225	—	—	—	7,225
Transportation equipment	3,159	—	(3,159)	—	—
Office equipment	3,414	—	—	—	3,414
Equipment under installation and construction in progress	19,552	—	—	(19,552)	—
Subtotal	192,677	99	(3,159)	(97,598)	92,019
<u>Accumulated depreciation</u>					
Buildings	34,776	2,036	—	(9,083)	27,729
Machinery and equipment	1,991	1,340	—	—	3,331
Transportation equipment	3,159	—	(3,159)	—	—
Office equipment	2,679	288	—	—	2,967
Subtotal	42,605	3,664	(3,159)	(9,083)	34,027
Total	\$150,072	\$ (3,565)	\$ —	\$ (88,515)	\$ 57,992

	2019				
	Balance at Jan. 1, 2019	Additions	Disposals or retirements	Reclassifications	Balance at Dec. 31, 2019
<u>Cost</u>					
Land	\$106,762	\$ —	\$ —	\$ —	\$106,762
Buildings	50,965	1,600	—	—	52,565
Machinery and equipment	7,225	—	—	—	7,225
Transportation equipment	3,159	—	—	—	3,159
Office equipment	2,686	748	(20)	—	3,414
Equipment under installation and construction in progress	—	10,981	—	8,571	19,552
Subtotal	170,797	13,329	(20)	8,571	192,677
<u>Accumulated depreciation</u>					
Buildings	32,795	1,981	—	—	34,776
Machinery and equipment	651	1,340	—	—	1,991
Transportation equipment	3,159	—	—	—	3,159
Office equipment	2,352	347	(20)	—	2,679
Subtotal	38,957	3,668	(20)	—	42,605
Total	\$131,840	\$ 9,661	\$ —	\$ 8,571	\$150,072

- The property, plant and equipment of the company are depreciated based on the following durable years:

Buildings	5 to 56 years
Machinery and equipment	5 to 9 years
Transportation equipment	6 years
Office equipment	3 to 6 years
- The company is an active asset, and will jointly build the "Yisheng Zhihui Science and Technology Park" with the number 239 and 240-1 of the Zhongli Zhonggong Section and the number 241 of the Zhonggong Section held by Youyuanlai Investment Co., Ltd., and approved by the board of directors on June 15th, 2020, the company and reclassified the property as investment property with its book value at the time of change of use.
- For information on guarantees provided for property, plant and equipment, please refer to Note 8.

(9) Lease Agreement-Lessee

1. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amounts		
Buildings	9,471	12,720
Transportation equipment	1,789	—
	<u>\$ 11,260</u>	<u>\$ 12,720</u>

	December 31, 2020	December 31, 2019
Additions to right-of-use assets	<u>\$ 2,386</u>	<u>\$ 12,540</u>
Depreciation of right-of-use assets		
Buildings	3,249	2,289
Transportation equipment	597	—
	<u>\$ 3,846</u>	<u>\$ 2,289</u>

Except for the additional and recognized depreciation expenses listed above, the company's right-of-use assets did not undergo major sublease and depreciation in year ended December 31st, 2020 & 2019.

2. Lease Liabilities

	December 31, 2020	December 31, 2019
Carrying amounts		
Current portion	<u>\$ 3,831</u>	<u>\$ 3,119</u>
Noncurrent portion	<u>\$ 7,576</u>	<u>\$ 9,570</u>

The discount rate ranges for lease liabilities are as follows:

	December 31, 2020	December 31, 2019
Buildings	1.63% ~ 1.66%	1.63% ~ 1.66%
Transportation equipment	7.13%	—

3. Important rental activities and terms:

The subject assets to be leased by the amalgamated company include houses and buildings and official vehicles. The lease contract period is usually between 2 to 5 years. The lease contract is negotiated individually and contains various terms and conditions. Except that the leased asset cannot be used as a loan guarantee, no other restrictions are imposed.

4. Other Rental Information

	FY 2020	FY 2019
Expense relating to short-term leases	\$ 112	\$ 733
Expense relating to low-value asset leases	\$ 208	\$ 235
Total cash outflow for lease	\$ 4,285	\$ 3,301

The company chose to apply the exemption for recognition of short-term leases of houses and buildings and leases of low-value assets, and not recognize related right-of-use assets and lease liabilities for such leases.

(10) Lease Agreement-Lessor

1. The assets leased by the company include land and buildings. The lease contract period usually ranges from 1 to 5 years. The lease contract is negotiated individually and contains various terms and conditions. In order to preserve the use of leased assets, the lessee is usually required not to sublet, sublet, or pledge all or part of the leased object and other restrictions and agreements.
2. The benefits recognized by the company based on the operating lease contract are as follows:

	FY 2020	FY 2019
Rent income	\$ 5,836	\$ 8,732

4. The analysis of the maturity date of the total lease payments receivable of the company under operating leases is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 3,237	\$ 3,583
Year 2	2,134	688
Year 3	335	—
	<u>\$ 5,706</u>	<u>\$ 4,271</u>

(11) Investment Property

	2020				
	Balance at Jan. 1, 2020	Additions	Disposals or retirements	Reclassificatio ns	Balance at Dec. 31, 2020
<u>Cost</u>					
Land	\$ 70,166	\$ —	\$ —	\$ (1,475)	\$ 68,691
Buildings	60,244	—	—	(1,659)	58,585
Investment property under construction in progress	—	28,648	—	90,506	119,154
Subtotal	<u>130,410</u>	<u>28,648</u>	<u>—</u>	<u>87,372</u>	<u>246,430</u>
<u>Accumulated depreciation</u>					
Buildings	35,961	1,596	—	(1,143)	36,414
Total	<u>\$ 94,449</u>	<u>\$ 27,052</u>	<u>\$ —</u>	<u>\$ 88,515</u>	<u>\$ 210,016</u>
	2019				
	Balance at Jan. 1, 2019	Additions	Disposals or retirements	Reclassifications	Balance at Dec. 31, 2019
<u>Cost</u>					
Land	\$ 70,166	\$ —	\$ —	\$ —	\$ 70,166
Buildings	60,244	—	—	—	60,244
Subtotal	<u>130,410</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>130,410</u>
<u>Accumulated depreciation</u>					
Buildings	34,349	1,612	—	—	35,961
Total	<u>\$ 96,061</u>	<u>\$ (1,612)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 94,449</u>

1. The investment property of the company is depreciated based on the following durability years:

Buildings 21 to 56 years

2. The fair value of the investment property of the company as of December 31st, 2020 & 2019 is evaluated by independent experts on the balance sheet date using the third-level input value and inquiring the current price registration information.

The fair value of investment real estate is as follows:

	December 31, 2020	December 31, 2019
Fair value	\$ 1,057,383	\$ 330,718

3. Rental income and direct operating expenses of investment property:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Rent income of investment property	\$ 5,727	\$ 8,623
Direct expenses attributed to rent income of investment property	\$ 2,577	\$ 3,340
Direct expenses attributed to other investment property	\$ 1,133	\$ 551

4. For information on guarantees provided by investment property, please refer to Note 8.

(12) Intangible Assets

	2020				
	Balance at Jan. 1, 2020	Additions	Disposals or retirements	Reclassifica tions	Balance at Dec. 31, 2020
<u>Cost</u>					
Trademarks	\$295,346	\$ 365	\$ —	\$ —	\$295,711
Patents	276	—	—	—	276
Software	1,748	110	—	—	1,858
Subtotal	297,370	475	—	—	297,845
<u>Accumulated amortization</u>					
Trademarks	66,363	5,565	—	—	71,928
Patents	276	—	—	—	276
Software	1,742	25	—	—	1,767
Subtotal	68,381	5,590	—	—	73,971
Total	\$228,989	\$ (5,115)	\$ —	\$ —	\$223,874

	2019				
	Balance at Jan. 1, 2019	Additions	Disposals or retirements	Reclassificati ons	Balance at Dec. 31, 2019
<u>Cost</u>					
Trademarks	\$ 295,061	\$ 285	\$ —	\$ —	\$ 295,346
Patents	276	—	—	—	276
Software	1,748	—	—	—	1,748
Subtotal	297,085	285	—	—	297,370
<u>Accumulate d amortizatio n</u>					
Trademarks	60,832	5,531	—	—	66,363
Patents	276	—	—	—	276
Software	1,704	38	—	—	1,742
Subtotal	62,812	5,569	—	—	68,381
Total	\$ 234,273	\$ (5,284)	\$ —	\$ —	\$ 228,989

1. The afore-mentioned intangible assets with limited service life are amortized on a straight-line basis based on the following service life:

Trademarks and patents 2 to 50 years

Software 3 years

2. The details of the amortization expenses of intangible assets are as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Selling expenses	5,565	5,531
General and administrative expenses	25	38
	\$ 5,590	\$ 5,569

(13) Short-term Loans

	December 31, 2020	December 31, 2019
Loans for material purchase	\$ 119,027	\$ 117,555
Collateralized loans	355,000	375,000
Total	\$ 474,027	\$ 492,555
Interest rate	1.05%~1.8%	1.59%~1.8%

Please refer to Note 8 for the provision of assets as guarantees for short-term loans.

(14) Notes payable and accounts payable:

	December 31, 2020	December 31, 2019
Notes payable	\$ 3,378	\$ 2,337
Accounts payable	30,785	37,114
	<u>\$ 34,163</u>	<u>\$ 39,451</u>

Please refer to Note 6 (39) for the disclosure of payables and other payables of the company exposed to exchange rate and liquidity risks.

(15) Other Payables

	December 31, 2020	December 31, 2019
Wages, salaries and bonus payable	\$ 8,779	\$ 7,357
Profit sharing bonus to employees	2,592	3,018
Compensation to directors	2,073	2,414
Service payable	3,650	2,669
Freight payable	5,776	1,740
Marketing fee payable	3,958	3,146
Advertising payable	1,087	586
Others	7,459	8,205
Other payable- related parties	32,421	6,892
Total	<u>\$ 67,795</u>	<u>\$ 36,027</u>

Others under other payables mainly consist of payable environmental protection recovery charges, after-sales service fees, insurance premiums, preservation fees, house tax, inspection fees and other payments.

(16) Provision for Liabilities

	FY 2020	FY 2019
<u>Warranty</u>		
Balance, beginning of year	\$ 2,233	\$ 709
Additions	2,656	4,305
Write-off	(3,976)	(2,781)
Balance, end of year	<u>\$ 913</u>	<u>\$ 2,233</u>
Current	<u>\$ —</u>	<u>\$ —</u>
Noncurrent	<u>\$ 913</u>	<u>\$ 2,233</u>

The warranty liability provision of the company is mainly related to the sales of application products such as home appliances and liquid crystal display players. The warranty liability provision is estimated based on the historical warranty information of the product. The company estimates that the liability provision will be in the next 1-2 years It happened one after another.

(17) Pension

1. Determine the appropriation plan:

Since July 1st, 2015, the company has established a definite retirement method in accordance with the "Labor Pension Regulations", which is applicable to employees of their own nationality. The company applies the part of the labor pension system stipulated by the "Labor Retirement Regulations" for employees' choice, with a monthly contribution of 6% of the salary to the employee's personal account of the Labor Insurance Bureau, and the payment of the employee's pension is based on the employee's personal pension. The amount of the special account and accumulated income is received in the form of a monthly pension or a lump-sum pension.

In the profit and loss statement of the company in year ended December 31st, 2020 & 2019, the pension cost of the afore-mentioned pension method was NTD 1,978 and NTD 2,084 thousand, respectively.

2. Determine the welfare plan:

In accordance with the provisions of the "Labor Standards Law", the company and its domestic subsidiaries have established welfare-determined retirement measures, which are applicable to the years of service of all regular employees before the implementation of the "Labor Pension Regulations" on July 1st, 2015, and in the implementation of the "Labor Pension Regulations" choose to continue to apply the labor standard law employees' follow-up service years. For employees who meet the retirement conditions, the pension payment is calculated based on the length of service and the average salary of the 6 months before retirement, service years of less than 15 years (inclusive) will be given 2 bases for each full year, and service years of more than 15 years will be given 1 base for each full year, but the cumulative maximum is limited to 45 bases. The company and its domestic subsidiaries allocate 3% to 10% of the total salary monthly to the retirement fund, which is deposited in the Bank of Taiwan in a special account in the

name of the Labor Retirement Reserve Supervisory Committee. In addition, before the end of each year, the company and its domestic subsidiaries will estimate the balance of the special account for workers' retirement reserves in the preceding paragraph. If the balance is not enough to pay the pension amount calculated in accordance with the foregoing calculation for the estimated eligible workers in the next year, the company and the domestic subsidiary will withdraw the balance before the end of March of the following year. This special account is managed by the Labor Fund Utilization Bureau of the Ministry of Labor, and the company has no right to influence the investment management strategy.

The confirmed benefit plan amounts recognized in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	\$ (15,863)	\$ (13,692)
Fair value of plan assets	11,083	10,580
Net defined benefit liability	<u>\$ (4,780)</u>	<u>\$ (3,112)</u>

The changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1, 2020	\$ (13,692)	\$ 10,580	\$ (3,112)
Service cost			
Current service cost	(45)	—	(45)
Interest expense	(82)	63	(19)
Components of defined benefit costs recognized in profit or loss	(127)	63	(64)
Remeasurement on the net defined benefit liability:			
Return on plan assets(excluding amounts included in interest expense)	—	376	376
Changes in financial assumptions	(309)	—	(309)
Experience adjustments	(1,735)	—	(1,735)
Components of defined benefit costs recognized in other comprehensive income	(2,044)	376	(1,668)
Contributions from employers	—	64	64
Balance at December 31, 2020	<u>\$ (15,863)</u>	<u>\$ 11,083</u>	<u>\$ (4,780)</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1, 2019	\$ (12,681)	\$ 10,093	\$ (2,588)
Service cost			
Current service cost	(46)	—	(46)
Interest expense	(101)	81	(20)
Components of defined benefit costs recognized in profit or loss	(147)	81	(66)
Remeasurement on the net defined benefit liability:			
Return on plan assets(excluding amounts included in interest expense)	—	335	335
Changes in financial assumptions	(180)	—	(180)
Experience adjustments	(684)	—	(684)
Components of defined benefit costs recognized in other comprehensive income	(864)	335	(529)
Contributions from employers	—	71	71
Balance at December 31, 2019	\$ (13,692)	\$ 10,580	\$ (3,112)

The company is exposed to the following risks due to the pension system of the "Labor Standards Law":

1. Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor retirement funds in equity securities, debt securities, and bank deposits through its own use and entrusted operations, but in accordance with the provisions of the "Labor Standards Law", the overall asset return It must not be lower than the local bank's 2-year fixed deposit interest rate; if the interest rate is lower than that, the national treasury will make up for it.
2. Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, but the debt investment returns of planned assets will also increase, and the impact of the two on the net defined welfare liabilities will partially offset the effect.
3. Salary risk: The calculation for determining the present value of the benefit obligation refers to the future salary of the plan members. Therefore, the increase in the salary of the plan members will increase the present value of the determined benefit obligation.

The main assumptions of actuarial evaluation are listed as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.3%	0.6%
Future salary increase rate	1.5%	1.5%

The changes in the main actuarial assumptions adopted on December 31st 2020 & 2019, will increase (decrease) the present value of the determined benefit obligation as follows:

December 31, 2020	Increase of actuarial assumptions 0.25%	Decrease of actuarial assumptions 0.25%
Discount rate	\$ (258)	\$ 265
Future salary increase rate	\$ 221	\$ (217)

December 31, 2019	Increase of actuarial assumptions 0.25%	Decrease of actuarial assumptions 0.25%
Discount rate	\$ (224)	\$ 230
Future salary increase rate	\$ 193	\$ (190)

The sensitivity analysis above is based on the analysis of the impact of a single assumption change while other assumptions remain unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities of the balance sheet. The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those in the previous period.

As of December 31st, 2020, the weighted average duration of the retirement plan was 7 years. In addition, the company expects to allocate NTD 64 thousand to the confirmed benefit plan within one year after the reporting date on December 31st, 2020.

(18) Equity

	December 31, 2020	December 31, 2019
Authorized capital	\$ 4,500,000	\$ 4,500,000
Issued capital	\$ 2,771,575	\$ 2,771,575

As of December 31st, 2020 & 2019, the company's nominal number of shares was 450,000 thousand shares, each with a par value of NTD 10, and the number of issued shares was 277,158 thousand shares.

(19) Capital Reserve

	FY 2020		
	Dividend of a claim extinguished by a prescription	From share of changes in equities of subsidiaries	Total
Balance at January 1, 2020	\$ 259	\$ —	\$ 259
From share of changes in equities of subsidiaries	—	1,343	1,343
Balance at December 31, 2020	\$ 259	\$ 1,343	\$ 1,602

	FY 2019
	Dividend of a claim extinguished by a prescription
Balance at January 1, 2019	\$ 259
Balance at December 31, 2019	

According to the provisions of the Company Law, the surplus from the issuance of shares in excess of the par value and the capital reserve obtained from the donation can be used to make up for losses. When the company has no accumulated losses, new shares or shares will be issued in proportion to the shareholders' original shares. cash. In addition, in accordance with the relevant provisions of the Securities Exchange Law, when the capital reserve above is allocated for capitalization, the total amount shall not exceed 10%

of the paid-in capital each year. The company shall not use the capital reserve to supplement the capital loss unless the surplus reserve is still insufficient to fill the capital loss.

(20) Retention of surplus and dividend policy:

1. According to the company's articles of association, if there is a surplus in the annual final accounts, the tax should be paid first to make up for the losses of the previous years. The 10% of the second allocation is the statutory surplus reserve, but when the statutory surplus reserve has reached the paid-in capital, It may no longer be listed. After the rest of the special surplus reserve is allocated or converted according to laws or regulations or 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 the distribution of shareholder dividends.
2. In addition, in accordance with the provisions of the company's articles of association on dividend policy, 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 budget and capital needs, the proportion of cash dividends shall not be less than 30% of the total dividends.
3. The statutory surplus reserve shall not be used except for making up the company's losses and issuing new shares or cash in proportion to the shareholders' original shares. However, if new shares or cash are issued, the portion of the reserve exceeding 25% of the paid-in capital shall be used as limit.
4. The company draws up and reverts the special surplus reserve in accordance with FSC Certificate No. 1010012865 and the "Questions and Answers Concerning the Application of Special Surplus Reserves after the adoption of International Financial Reporting Standards (IFRSs)". When the deduction balance of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part.
5. The company will hold a meeting of board of directors on March 29th, 2021, and proposes a surplus distribution proposal for the year ended December 31st, 2020. The distribution situation is as follows:

	Amount	Cash dividends per share(NT\$)
Legal capital reserve	\$ 4,370	\$ —
Special capital reserve	35,135	—
Cash dividends to shareholders	27,716	0.1
	<u>\$ 67,221</u>	

For information about the afore-mentioned surplus distribution, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

6. On June 15th, 2020, the company passed a resolution of the shareholders' meeting to approve the profit distribution plan of the year ended December 31st, 2019. The distribution situation is as follows:

	Amount	Cash dividends per share(NT\$)
Legal capital reserve	\$ 5,473	\$ —
Cash dividends to shareholders	60,975	0.22
	<u>\$ 66,448</u>	

For information about the afore-mentioned surplus distribution, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

7. The company passed the resolution of the shareholders' meeting on June 27th, 2019 and passed the profit distribution plan of the year ended December 31st, 2018. The distribution situation is as follows

	Amount	Cash dividends per share(NT\$)
Legal capital reserve	\$ 14,828	\$ —
Cash dividends to shareholders	88,690	0.32
	<u>\$ 103,518</u>	

For information about the afore-mentioned surplus distribution, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

(21) Special surplus reserve:

The company's original retained earnings (cumulative loss) was negative (cumulative loss) of NTD 175,305 thousand before the conversion of IFRSs on January 1st, 2013, and the net increase in undistributed surplus due to the conversion of IFRSs was NTD 379,723 thousand, the FSC Certificate No. 1010012865 of April 6th, 2012 stipulates that a special surplus reserve

of NTD 204,418 thousand shall be set aside within the scope of the surplus amount. When the company subsequently uses, disposes, or reclassifies related assets, the original proportion of special surplus reserves shall be reversed.

(22) Other equity items:

	Exchange differences arising on translation of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Total
Beginning balance as of Jan.1,2020	\$ (489,535)	\$ 49,617	\$ (439,918)
Exchange differences arising on translation of foreign operations	24,065	—	24,065
Adjustments from evaluation	—	(28,305)	(28,305)
Income tax effect	(4,813)	—	(4,813)
Ending balance as of December 31,2020	\$ (470,283)	\$ 21,312	\$ (448,971)

	Exchange differences arising on translation of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Total
Beginning balance as of Jan.1,2019	\$ (443,077)	\$ (8,166)	\$ (451,243)
Exchange differences arising on translation of foreign operations	(58,072)	—	(58,072)
Adjustments from evaluation	—	57,783	57,783
Income tax effect	11,614	—	11,614
Ending balance as of December 31,2019	\$ (489,535)	\$ 49,617	\$ (439,918)

(23) Operating Income

	For the year ended as of December 31,2020	For the year ended as of December 31,2019
Revenue of contracts with customer		
Revenue from sale of goods	\$ 568,700	\$ 644,622
Other operating revenue	26,628	28,416
Total	<u>\$ 595,328</u>	<u>\$ 673,038</u>

1. Please refer to Note 4 (13) for the description of revenue from customer contracts.

2. Contract balance

	As of December 31,2020	As of December 31,31,2019
Notes and accounts receivable (Note 6(4))	<u>\$ 67,759</u>	<u>\$ 85,464</u>
Contract liabilities-current		
Sales of goods sold	<u>\$ 2,972</u>	<u>\$ 3,807</u>

3. Refund liabilities (list other current liabilities)

Based on historical experience and other known reasons, the company's estimated sales return and discount liabilities for the year ended December 31st, 2020 & 2019 were NTD 68,205 thousand and NTD 51,202 thousand, respectively, as of December 31st, 2020 and 2019, the balance of refund liabilities is NTD 27,084 thousand and NTD 13,162 thousand respectively.

(24) Operating cost

	For the year ended December 31,2020	For the year ended December 31,2019
Cost of goods sold	\$ 430,325	\$ 530,339
Loss allowance on inventory	848	(3,280)
Others	44,755	53,555
Total	<u>\$ 475,928</u>	<u>\$ 580,614</u>

(25) Interest income

	For the year ended December 31,2020	For the year ended December 31,2019
Interest of bank deposits	\$ 83	\$ 948
Other interest	14	2
Total	<u>\$ 97</u>	<u>\$ 950</u>

(26) Other income

	For the year ended December 31,2020	For the year ended December 31,2019
Rental income	\$ 5,836	\$ 8,732
Dividend income	7,650	3,825
Service income	4,727	4,175
Other income	2,526	829
Total	<u>\$ 20,739</u>	<u>\$ 17,561</u>

(27) Other gains and losses

	For the year ended December 31,2020	For the year ended December 31,2019
Gain (loss) on disposal or retirement of property 、 plant and equipment	\$ 571	\$ —
Gain(loss)on translation of foreign currency	(9,383)	1,123
Gain(loss) on financial assets at fair value through profit and loss	—	58
Gain on disposal of investments	—	71
Others	—	(49)
Total	<u>\$ (8,812)</u>	<u>\$ 1,203</u>

(28) Financial costs

	For the year ended December 31,2020	For the year ended December 31,2019
Interest expense from bank loan	\$ 7,475	\$ 8,650
Interest expense from bank loan of subsidiaries	290	—
Interest expense from lease liabilities	297	73
Other interest expense	1	4
Total	<u>\$ 8,063</u>	<u>\$ 8,727</u>

(29) Additional information on the nature of the fee

1. The employee benefits, depreciation and amortization expenses incurred in the current period are summarized as follows according to the function:

By function By nature	For the year ended December 31,2020		
	Recognized in cost of revenue	Recognized in operating Expense	Total
Employee benefits expense			
Payroll expense	\$ —	\$ 46,033	\$ 46,033
Employee insurance expense	—	3,764	3,764
Post-employment benefits expense	—	2,042	2,042
Director's remuneration	—	2,272	2,272
Other employee benefits	—	2,845	2,845
Depreciation	1,344	7,762	9,106
Amortization	—	6,211	6,211

By function By nature	For the year ended December 31,2019		
	Recognized in cost of revenue	Recognized in operating Expense	Total
Employee benefits expense			
Payroll expense	\$ —	\$ 46,967	\$ 46,967
Employee insurance expense	—	3,822	3,822
Post-employment benefits expense	—	2,150	2,150
Director's remuneration	—	1,535	1,535
Other employee benefits	—	2,701	2,701
Depreciation	1,344	6,225	7,569
Amortization	—	6,393	6,393

- (1) The average number of employees of the company in 2020 and 2019 was 58 and 62, respectively, of which 6 directors were not part-time employees.
- (2) The company's average employee benefit expenses in 2020 and 2019 were 1,052 thousand and 994 thousand, respectively. The average employee salary expenses were 885 thousand and 839 thousand, respectively, and the average employee salary expenses were adjusted and changed by 5%.
- (3) The company had adopted the audit committee to replace the supervisor system in 2020 and 2019, consequently, no supervisor's remuneration allocated.
- (4) The salary and remuneration policies of the company's directors, managers and employees are as follows:
 - A. Directors: The remuneration of the directors of the company is handled in accordance with rules and regulations of the company, to authorize the board of directors to determine salary and remunerations according to their degree of participation and value of contribution in the operation of the company, based upon the domestic and overseas industry standards.

- B. Managers: The amount of remuneration awarded to the managers of the company is reviewed by the remuneration committee and submitted to the board of directors for resolution based on their positions, contributions, and company operating performance for the year.
- C. Staff: The company's employee salary and remuneration policy is to provide employees with average salary and benefits. Based on the company's operating performance and each employee's position, contribution, and performance to determine the year-end bonus and related remuneration, the amount and distribution method are recommended by the remuneration committee and approved by to the board of directors.

2. Employee benefits

- (1) According to the articles of association of the company, if the company makes a profit in the current year, it shall allocate no less than 5% for employee remuneration and no more than 4% for directors' remuneration; independent directors do not participate in the distribution, but the company still accumulates in the event of a loss, the compensation amount shall be reserved. Employee remuneration can be made in stocks or cash, and its payment objects may include employees of affiliated companies who meet the conditions set by the board of directors.

The current year's profit as mentioned in the preceding paragraph refers to the current year's pre-tax benefits before deducting the distribution of employee compensation and directors' compensation.

The distribution of employee remuneration and directors' remuneration shall be made by the board of directors with more than two-thirds of the directors' present and a resolution approved by more than half of the directors present, and report to the shareholders meeting.

- (2) The employee compensation and director compensation estimated by the company in the year ended December 31st, 2020 & 2019 are estimated at 5% and 4% respectively:

	For the year ended December 31,2020	For the year ended December 31,2019
Employee compensation	\$ 2,592	\$ 3,018
Director's remuneration	\$ 2,073	\$ 2,414

The estimated amount is consistent with the amount resolved by the board of

directors. The above employee compensation and director compensation will be paid in cash.

- (3) After the annual parent company only financial report is approved and issued, if the amount still changes, it will be treated according to the change in accounting estimates and adjusted and recorded in the next year.
- (4) Information on employee remuneration and directors' remuneration approved by the company's board of directors can be found at the Public Information Observatory.

(30) Income Tax

1. The adjustment of the income tax expense recognized in the profit and loss of the company in year ended December 31st, 2020 & 2019 is as follows:

	For the year ended December 31,2020	For the year ended December 31,2019
Income tax calculated based on profit before tax and statutory rate	\$ 9,433	\$ 10,985
Income tax effect of deductible items under Tax Act	26,945	8,511
Effect of income tax carryforwards	26,567	183
Current temporary differences	(63,595)	(19,491)
Income tax adjustments on prior years	1,720	—
Income tax expense	\$ 1,070	\$ 188

The composition of income tax recognized in profit and loss for the current year is as follows:

	For the year ended December 31,2020	For the year ended December 31,2019
Current Income tax- adjustments on prior years	\$ 1,720	\$ —
Deferred income tax- temporary differences	(650)	188
Income tax expense recognized in profit and loss	\$ 1,070	\$ 188

2. The income tax of the company recognized under other comprehensive profits and losses in year ended December 31st, 2020 & 2019.

	For the year ended December 31, 2020	For the year ended December 31, 2019
Deferred income tax		
Remeasurement of defined benefit obligation	\$ (334)	\$ (106)
Translation difference in foreign operations	4,813	(11,614)
Income tax recognized in other comprehensive income	\$ 4,479	\$ (11,720)

3. Current income tax assets (listed other current assets)

	As of December 31, 2020	As of December 31, 2019
Tax return receivable	\$ 92	\$ 95

4. Deferred income tax assets and liabilities

(1) The analysis of deferred income tax assets is as follows:

2020				
	Balance as of Jan 1	Recognized in other comprehensive income (loss)	Others	Balance as of Dec. 31
Temporary differences				
Remeasurement of defined benefit obligation	\$ 124	\$ 334	\$ —	\$ 458
Cumulative translation differences in foreign operation	68,122	(4,813)	—	63,309
Operating loss carryforward	113,428	—	(25,552)	87,876
	<u>\$ 181,674</u>	<u>\$ (4,479)</u>	<u>\$ (25,552)</u>	<u>\$ 151,643</u>

2019				
	Balance as of Jan 1	Recognized in other comprehensive income (loss)		Balance as of Dec. 31
Temporary differences				
Remeasurement of defined benefit obligation	\$ 18	\$ 106	\$	\$ 124
Cumulative translation differences in foreign operation	56,508		11,614	68,122
Operating loss carryforward	113,428	—		113,428
	<u>\$ 169,954</u>	<u>\$ 11,720</u>		<u>\$ 181,674</u>

(2) The analysis of deferred income tax liabilities is as follows:

	2020			
	Balance as of Jan 1	Recognized in Profit or loss during the period	Others	Balance as of Dec. 31
Temporary Differences				
unrealized exchange gains and losses	\$ (420)	\$ 420	\$ —	\$ —
Reserve for land revaluation increment	(25,517)	—	—	(25,517)
Investment income of long-term equity	(113,428)	—	25,552	(87,876)
Refund liabilities	(230)	230	—	—
	<u>\$ (139,595)</u>	<u>\$ 650</u>	<u>\$ 25,552</u>	<u>\$ (113,393)</u>

	2019		
	Balance as of Jan 1	Recognized in Profit or loss during the period	Balance as of Dec. 31
Temporary Differences			
unrealized exchange gains and losses	\$ (49)	\$ (371)	\$ (420)
Reserve for land revaluation increment	(25,517)	—	(25,517)
Investment income of long-term equity	(113,428)	—	(113,428)
Refund liabilities	(413)	183	(230)
	<u>\$ (139,407)</u>	<u>\$ (188)</u>	<u>\$ (139,595)</u>

5. Items not recognized as deferred income tax assets

	As of December 31, 2020	As of December 31, 2019
Amount for operating loss carryforwards	<u>\$ 120,328</u>	<u>\$ 137,732</u>
Amounts for temporary differences	<u>\$ 130,142</u>	<u>\$ 124,336</u>

6. The income tax settlement declaration of the company's for-profit businesses has been approved by the auditing agency until the end of the year 2018. In accordance with the provisions of the Income Tax Law, the losses in the previous ten years are deducted from the net profit of the current year as approved by the tax collection agency, and then the income tax is assessed. As of the losses and deduction periods not yet deducted by the Company until December 31, 2020 are listed as follows:

Occurrence year	Amount Declared /Amount Approved	Maturity year	Operating loss carryforwards
FY2004	Approved	2024	389,259
FY2005	Approved	2025	11,952
FY2007	Approved	2027	120,090

Occurrence year	Amount Declared /Amount Approved	Maturity year	Operating loss carryforwards
FY2008	Approved	2028	38,029
FY2009	Reviewed	2029	378
			<u>\$ 559,708</u>

(31) Earnings Per Share

	For the year ended Dec.31,2020	For the year ended Dec.31,2019
Basic earnings per share	\$ 0.17	\$ 0.20
Diluted earnings per share	\$ 0.17	\$ 0.20

1. Basic earnings per share

	For the year ended December 31,2020	For the year ended December 31,2019
Net income attributable to stockholders of the parent company	\$ 46,096	\$ 54,736
Weighted-average number of common stocks for basic earnings per share (thousand shares)	277,158	277,158
Earnings per share-basic(NTD)	\$ 0.17	\$ 0.20

2. Diluted earnings per share

	For the year ended December 31,2020	For the year ended December 31,2019
Net income attributable to stockholders of the parent company	\$ 46,096	\$ 54,736
Weighted-average number of common stocks for basic earnings per share (thousand shares)	277,158	277,158
Compensation of employees (thousand shares)	431	954
Weighted-average number of common stocks for earnings per share-diluted (thousand shares)	277,589	278,112
Earnings per share-basic (NTD)	\$ 0.17	\$ 0.20

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

be considered.

(32) Cash Flow Information

Changes in liabilities from financing activities

	Short term loan	Deposit received	Lease debt	Total liabilities from financing
As of Jan.1,2020	\$ 492,555	\$ 925	\$ 12,689	\$ 506,169
Change in financing cash flow	(17,733)	69	(3,668)	(21,332)
Change in lease debt	—	—	2,386	2,386
Change in other non-cash	(795)	92	—	(703)
As of Dec.31,2020	\$ 474,027	\$ 1,086	\$ 11,407	\$ 486,520

	Short term loan	Deposit received	Lease debt	Total liabilities from financing
As of Jan.1,2019 (After Remake)	\$ 669,245	\$ 1,673	\$ 2,409	\$ 673,327
Change in financing	(176,690)	(341)	(2,260)	(179,291)
Change in lease debt	—	—	12,540	12,540
Change in other non-cash	—	(407)	—	(407)
As of December 31,2019	\$ 492,555	\$ 925	\$ 12,689	\$ 506,169

(33) Capital Risk Management

The capital management objectives of the combined company are to ensure that the company can continue to operate, maintain the best capital structure to reduce capital costs, and provide remuneration to shareholders. In order to maintain or adjust the capital structure, the combined company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(34) Financial Instruments

1. Types of financial instruments

	As of December 31,2020	As of December 31,2019
<u>Financial assets</u>		
Cash and cash equivalents	\$ 57,243	\$ 75,696
Financial assets at fair value through other comprehensive income (non-current included)	87,312	115,617
Financial asset at amortized cost — current	71,200	—
Notes receivable	10,497	10,629
Accounts receivable	57,262	74,835
Other receivables	89,912	149,107
Refundable deposit (non-current included)	1,684	594
<u>Financial liabilities</u>		
Short-term loan	\$ 474,027	\$ 492,555
Notes payable	3,378	2,337

	As of December 31,2020	As of December 31,2019
Accounts payable	30,785	37,114
Other payables	67,795	36,027
Deposit received (non-current included)	1,086	925

2. Fair value information of financial instruments

The company divides financial instruments measured by amortized cost (including cash and cash equivalents, financial assets measured by amortized cost-current, bills receivable, accounts receivable, other receivables, other financial assets, the book amount of deposits of margin, short-term loans, notes payable, accounts payable, other payables and deposited margin) is a reasonable approximation of the fair value. For information on the fair value of financial instruments measured by fair value, please refer to Note 6 (40).

3. Financial risk management policy:

The financial risk management policies of the company are affected by the characteristics of the electronics and home appliance industries. The financial risks faced by the company include changes in working capital, credit risk and financial product investment. In order to achieve the best risk position, the company intends to adopt the following different strategies for different risks:

(1) Hedging strategies for changes in working capital:

The company has appropriate short-term bank loan quotas, and controls the timing of cash inflows and outflows, so as to maintain proper liquidity in capital allocation.

(2) Credit risk:

The company has a strict credit evaluation policy, which only deals with counterparties with good credit status, and uses credit protection measures in a timely manner to reduce credit risk.

(3) Financial product investment:

Among the equity financial products invested by the company, the financial assets whose fair value changes are included in the profit and loss and other comprehensive gains and losses have an active market, and the financial assets can be easily sold in the market at a price close to the fair value, and no significant flow is expected to have current risk.

(4) In terms of risk control, the head of the financial department shall conduct regular assessments to monitor transactions and profit and loss at any time, and report to the board of directors when abnormalities are found.

4. The nature and extent of major financial risks:

(1) Market risk

A. Exchange rate risk

(A) If the purchase and sales of the company are denominated in U.S. dollars, the fair value will change according to market exchange rate fluctuations. However, the company holds foreign currency assets and liabilities that are equal during the period of receipt and payment, and the major market risks can be compared with each other and offset.

(B) The business of the company involves a number of functional currencies. Therefore, due to exchange rate fluctuations, foreign currency assets and liabilities are affected by exchange rate fluctuations. Information on foreign currency assets and liabilities is as follows:

Unit: Thousands of Foreign Currency/ Thousands of NTD						
For the year ended December 31,2020						
(Foreign currency : Functional currency)	Foreign Currency	Exchange Rates	Carrying amount (NTD)	Sensitivity Analysis		
				Percentage of change	Impact on P&L	Impact on Equity
<u>Financial assets</u>						
<u>Monetary items</u>						
SGD	\$ 13	21.56	\$ 280	1%	\$ 2	\$ 2
USD	3,199	28.48	91,108	1%	911	729
EUR	4	35.02	140	1%	1	1
CNY	241	4.377	1,055	1%	11	8
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,267	28.48	36,084	1%	361	289

For the year ended December 31,2019						
(Foreign currency : Functional currency)	Foreign Currency	Exchange Rates	Carrying amount (NTD)	Sensitivity Analysis		
				Percentage of change	Impact on P&L	Impact on Equity
<u>Financial assets</u>						
<u>Monetary Items</u>						
SGD	\$ 3,164	22.28	\$ 70,494	1%	\$ 704	\$ 564
USD	1,211	29.98	36,306	1%	363	290
EUR	41	33.59	1,377	1%	14	11

CNY	149	4,305	641	1%	6	5
<u>Non-monetary items</u>						
USD	2	29.98	60			
<u>Financial liability</u>						
<u>Monetary items</u>						
USD	289	29.98	8,664	1%	87	70

(C) The unrealized exchange gains and losses of the company's monetary items that have a significant impact due to exchange rate fluctuations are explained as follows:

The foreign currency exchange gains (losses) (including realized and unrealized) of the company in the years ended December 31st, 2020 & 2019 were (NTD 9,383) thousand and NTD 1,123 thousand, respectively. Due to the various types of functional currencies of the merged entity, it is impossible to classify each major Affect foreign currency disclosure of exchange gains and losses.

B. Price Risk

(A) Since the investment held by the amalgamating company has a public market price, the amalgamating company is exposed to price risk. In order to manage the price risk of financial instrument investment, the company has set a stop loss point, so it is expected that no significant price risk will occur. The company has no risk of commodity price risk.

(B) The company mainly invests in financial products such as beneficiary certificates and domestic equity securities in the counter. The prices of these financial products will be affected by the uncertainty of the future value of the investment target. If the price of these financial products rises or falls by 1%, and all other factors remain unchanged, the net profit (loss) for after-tax in the years ended December 31st, 2020 & 2019 will be derived from the gains or losses of equity investments measured at fair value in other comprehensive gains and losses will increase or decrease by NTD 873 and NTD 1,156 thousand, respectively.

C. Interest rate risk

If the borrowed money of the company is a fixed-rate debt, since changes in market interest rates will not affect future cash flows, there is no cash flow risk due to

changes in interest rates, but fair value interest rate risks are borne. For debts with floating interest rates, changes in market interest rates will cause the effective interest rates of debt financial products to change accordingly, which will cause future cash flows to fluctuate. Part of the risk is offset by cash held at floating interest rates and cash equivalents.

(2) Credit Risk

- A. Credit risk is the risk of financial losses incurred by the company due to the inability of customers or financial instrument counterparties to fulfill contractual obligations. In accordance with the internally specified credit policy, each operating entity in the amalgamating company must conduct management and credit risk analysis on each of its new customers before deciding the terms and conditions for payment and delivery. The internal risk control system evaluates the credit quality of customers by considering their financial status, experience and other factors. The limits of individual risks are set by the board of directors based on internal and external ratings, and the use of credit lines is regularly monitored. When the company sells goods, it has assessed the credit status of the counterparty of the transaction. It is expected that the counterparty of the transaction will not default, so the possibility of credit risk is extremely low. The financial assets and liabilities held for trading are traded through market orders or transactions with counterparties with good credit. It is expected that the counterparties will not default, so the possibility of credit risk is not high.
- B. In the years ended December 31st, 2020 & 2019, there was no case of exceeding the credit limit, and the management did not expect any major losses due to the non-performance of the counterparty.

(3) Liquidity Risk

- A. The cash flow forecast is executed by the financial department of the company and is summarized by the financial department of the company. The financial department of the company monitors the forecast of the liquidity requirements of the combined company to ensure that it has sufficient funds to meet its operational needs and maintain a sufficient unused loan commitment line at any time.

- B. When the remaining cash held by each operating entity exceeds the requirements for the management of working capital, the remaining funds are invested in interest-bearing demand deposits, time deposits and marketable securities, and the instruments selected by them have appropriate maturity. Daily may have sufficient liquidity to respond to the above forecast and provide sufficient dispatch water levels. As of December 31st, 2020 & 2019, the positions of the investments (except cash and cash equivalents) held by the company were NTD 101,552 thousand and NTD 115,617 thousand, respectively. It is expected that cash flow can be generated immediately to manage liquidity risk.
- C. The following table shows the non-derivative financial liabilities of the company, grouped according to the relevant maturity date. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contractual cash flow amount disclosed in the table below is the undiscounted amount.

	As of December 31,2020			
	Less than 1 year	1~2year	2~5year	Total
<u>Non-derivative financial liability</u>				
Short-term debt	\$ 475,547	\$ —	\$ —	\$ 475,547
Notes payable	3,378	—	—	3,378
Accounts payable	30,785	—	—	30,785
Other payables	67,795	—	—	67,795
Lease obligation (non-current included)	4,067	3,360	4,410	11,837
Deposit received (non-current included)	—	1,086	—	1,086
	<u>\$ 581,572</u>	<u>\$ 4,446</u>	<u>\$ 4,410</u>	<u>\$ 590,428</u>
	As of December 31,2019			
	Less than 1 year	1~2year	2~5year	Total
<u>Non-derivative financial liability</u>				
Short-term loan	\$ 494,495	\$ —	\$ —	\$ 494,495
Notes payable	2,337	—	—	2,337
Accounts payable	37,114	—	—	37,114
Other payables	36,027	—	—	36,027
Lease obligation (non-current included)	3,301	3,182	6,663	13,146
Deposit received (non-current included)	12	913	—	925
	<u>\$ 573,286</u>	<u>\$ 4,095</u>	<u>\$ 6,663</u>	<u>\$ 584,044</u>

(35) Fair Value Information

1. For information on the fair value of financial assets and financial liabilities of the company that are not measured by fair value, please refer to Note 6 (39) 2 for explanation. Please refer to Note 6 (14) for the information on the fair value of investment real estate measured by cost of the company.

2. The various levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Public quotation (unadjusted) of the same asset or liability in an active market.

Level 2: In addition to the public quotation included in the first level, the input value of an asset or liability that is directly (that is, price) or indirectly (that is derived from price) observable.

Level 3: The input value of an asset or liability that is not based on observable market data.

3. For financial instruments measured at fair value on December 31st, 2020 & 2019, the company is classified based on the nature, characteristics and risks of the assets and the basic level of fair value. The relevant information is as follows:

Fair value on a recurring basis	December 31,2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income – current	\$ 87,312	\$ —	\$ —	\$ 87,312
Fair value on a recurring basis	December 31,2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income — noncurrent	\$ 115,617	\$ —	\$ —	\$ 115,617

4. Evaluation techniques and assumptions used to measure fair value

The fair values of financial assets and financial liabilities that have standard terms and conditions and are traded in an active market are determined by reference to market quotes, including the stocks of the China Industrial Exchange and the beneficiary certificates of funds.

5. There was no transfer of the fair value hierarchy of financial assets in 2020 & 2019.

7. Related party transactions:

(1) Name and relationship of related parties:

Related party name	Categories
REALISE TECH-SERVICE CO., LTD. (RLS)	Subsidiaries
ALMOND GARDEN CORP.(AGC)	Subsidiaries
ACTION TECHNOLOGY (JIAN) CO., LTD. (ATJ)	Subsidiaries
ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	Subsidiaries
ACTION INDUSTRIES(M) SDN. BHD. (AMP)	Subsidiaries
ACTION ASIA LTD.(AAL)	Subsidiaries
SHANGHAI ACTION TECHNOLOGY CO., LTD.(ASJ)	Subsidiaries
ACTION ASIA DEVELOPMENT IND CO., LTD. (AAD)	Subsidiaries
ASD ELECTRONICS LIMITED(ASD)	Subsidiaries
TUNG YUH LOGISTICS CORPORATION(TUNG YUH)	Other related parties (Note1)
YOU YUAN LAI INVESTMENT LTD. (YOU YUAN LAI)	Other related parties (Note 2)
BEST DENKI LTD. (BEST)	Other related parties (Note 3)

Note 1: The company conducts director re-election at the shareholders' meeting on June 15th, 2020, and TUNG YUH LOGISTICS CORPORATION will not be a related party of the company from June 15th, 2020.

Note 2: The company conducts director re-election at the general meeting of shareholders on Jun.15, 2020, and YOU YUAN LAI INVESTMENT LTD. will be a related person of the company from June 15th, 2020.

Note 3: BEST DENKI LTD. was dissolved by a resolution of the board of directors on December 7th, 2017, and an extraordinary general meeting of shareholders was held on December 25th, 2017. It was approved that December 31st, 2017 was the date of dissolution. As of now, the liquidation process is still in progress.

(2) Major transactions with related parties:

1. Net operating revenue

Related party categories / name	For the year ended December 31,2020	For the year ended December 31,2019
Subsidiaries	\$ 15,966	\$ 14,910

2. Other operating revenue

Related party categories / name	For the year ended December 31,2020	For the year ended December 31,2019
Subsidiaries	\$ 856	\$ 891

3. Purchase

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
Subsidiaries	\$ 17,632	\$ 11,032

4. Other operating costs

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
RLS	\$ 14,366	\$ 13,940
TUNG YUH	1,646	5,329
	\$ 16,012	\$ 19,269

5. Rental expenses: the rent is paid monthly and the price is negotiated by both parties.

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
Subsidiaries	\$ 34	\$ 54

6. Logistics fees

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
Other related parties	\$ 10,060	\$ 24,205

7. Other income

(1) Rental income

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
RLS	\$ 272	\$ 1,514
Subsidiaries	114	54
Other related parties	320	320
	\$ 706	\$ 1,888

(2) Service income

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
AMP	\$ 804	\$ 2,389
AAD	2,661	—
Subsidiaries	1,262	1,786
	\$ 4,727	\$ 4,175

Service income is the income generated by the company's provision of administrative resources and management services for related parties. The payment and payment conditions are determined by both parties. The domestic section is paid by remittance in 90 days after the service is provided, and the overseas section is paid by 60 days to 90 days after the service is provided paid by remittance.

8. Note receivable

Related party categories／name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ —	\$ 39

9. Net accounts receivable

Related party categories／name	As of December 31,2020	As of December 31,2019
Other related parties	\$ 4,691	\$ 4,691
Less : Allowance for loss	(4,691)	(3,619)
	—	1,072
Subsidiaries	231	1,365
	\$ 231	\$ 2,437

10. Other receivables

Related party categories／name	As of December 31,2020	As of December 31,2019
BEST DENKI LTD.	\$ 93,353	\$ 93,353
Less : Allowance for loss	(74,469)	(63,110)
Sub-Total	18,884	30,243
AAL	—	70,205
AGC	—	28,483
AAD	68,159	289
Subsidiaries	2,821	3,887
Total	\$ 89,864	\$ 133,107

11. Account payables

Related party categories／name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ 5,112	\$ 2,746

12. Other payables : Interest expense of loan from related parties is NTD 290 thousand.

Related party categories/name	As of December 31,2020	As of December 31,2019
Loan from related parties		
AMP	\$ 28,642	\$ —
Subsidiaries	3,779	1,901
TUNG YUH	—	4,899
Other related parties	—	92
	<u>\$ 32,421</u>	<u>\$ 6,892</u>

13. Deposit margin

Related party categories/name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ 63	\$ 43
Other related parties	92	—
	<u>\$ 155</u>	<u>\$ 43</u>

14. Lease agreement

Right-of-use assets

Related party categories/name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ —	\$ 117

Lease liabilities

Related party categories/name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ 585	\$ 853

Interest expenses

Related party categories/name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ 12	\$ 16

15. Endorsement guarantee amount

Related party categories/name	As of December 31,2020	As of December 31,2019
YOU YUAN LAI INVESTMENT LTD	\$ 50,000	\$ 50,000

The consolidated company will issue a guarantee note of NTD 50,000 thousand to YOU YUAN LAI INVESTMENT LTD. As a guarantee for the completion of the "Yishengzhihui Science and Technology Park" development project. Please refer to Note 6 (11).

(3) Reward for the main management

The remuneration information for directors and other key management members is as follows:

	For the year ended December 31,2020	For the year ended December 31,2019
Payroll and other short term employee benefits	\$ 12,157	\$ 11,914

8. Pledged assets

The details of the pledged assets of the company are as follows:

Items	Categories	Carrying amount	
		As of December 31,2020	As of December 31,2019
Time deposit (Financial asset at Amortized cost—current)	Bank line of credit	\$ 56,960	\$ —
Property plant and equipment-land and building	Bank line of credit	45,999	115,795
Investment property-land and building	Bank line of credit	146,509	78,453
Total		\$ 249,468	\$ 194,248

9. Significant contingent liabilities and unrecognized contractual commitments

Except for those already mentioned in other notes, the major commitments, and contingencies of the company at the balance sheet date are as follows:

- (1) The company issues endorsement guarantee notes due to credit loan quotas and commitments. As of December 31st, 2020 and 2019, they were NTD 711,000 thousand and NTD 655,000 thousand, respectively.
- (2) The forward letters of credit issued by the company for purchasing commodities and raw materials as of December 31st, 2020 and 2019, were NTD 53,699 thousand and NTD 43,673 thousand in circulation, respectively.

10. Major disaster losses: None.

11. Significant post-period events: none.

12. Others: None.

13. Note Disclosure Matters

(1) Information about major transactions:

1. Loan funds to others: none.
2. Endorsement guarantee for others: attached table 1.
3. Circumstances of holding marketable securities at the end of the period: Attached Table 2.
4. The cumulative amount of buying or selling of the same securities reaches NTD 300 million or more than 20% of the paid-in capital: none.
5. The amount of real estate acquired reaches NTD 300 million or more than 20% of the paid-in capital: None.
6. The amount of disposition of real estate reaches NTD 300 million or more than 20% of the paid-in capital: None.
7. The amount of goods purchased or sold with related parties reaches NTD100 million or more than 20% of the paid-in capital: Note 3.
8. The amount due from a related party reaches NTD 100 million or more than 20% of the paid-in capital: None.
9. Engaged in derivatives trading: None.
10. Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries: Attached Table 4.

(2) Relevant information about reinvestment business:

1. The name of the investee company, its location... and other relevant information:
Attached Table 6.
2. Loan funds to others: none.
3. Endorsement guarantee for others: attached table 1.
4. Circumstances of holding marketable securities at the end of the period: Attached Table 2.
5. The cumulative amount of buying or selling of the same securities reaches NTD 300 million or more than 20% of the paid-in capital: none.
6. The amount of real estate acquired reaches NTD 300 million or more than 20% of the paid-in capital: None.
7. The amount of disposition of real estate reaches NTD 300 million or more than 20% of the paid-in capital: None.

8. The amount of goods purchased or sold with related parties reaches NTD100 million or more than 20% of the paid-in capital: Note 3.
9. The amount due from a related party reaches NTD 100 million or more than 20% of the paid-in capital: None.
10. Engaged in derivatives trading: None.

(3) Mainland China Investment Information:

1. The name of the Chinese investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, book value of investment at the end of the period, repatriated investment income and investment limits in China: Attached table seven.
2. Significant transactions that occur directly or indirectly with mainland investee companies via third regions, including their prices, payment terms, unrealized gains and losses, and other relevant information that helps to understand the impact of mainland investment on financial statements: Attached Table 1 ~ Schedule VI.

(4) Information on major shareholders: Attached Table 8.

14. Department Information

Please refer the consolidated financial statements.

Table 1

Financing provided to others for the year ended December 31,2020

Unit: Thousand NTD

No. (Note 1)	Lender	Counter Party	Financial statement account	Relate d Party	Maximum balance for the period	Ending balance	Actual amount provided	Intere st rate	Nature of financin g (Note2)	Amount of sales to counter-par ty	Reason for financing	loss allowanc e	Collateral		Limit of financing amount for individual counter-par ty	Limit of total financing amount	Note
													Item	Value			
1	ACTION INDUSTRIE S (M) SDN. BHD.	Action Electronics Co.,Ltd	Other receivables	Yes	\$ 30,020	\$ 28,480	\$ 28,480	1.70	2	\$ —	Working capital	\$ —	—	—	\$ 262,402	\$ 262,402	Note 3、 Note 4

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

(1) Fill in 0 for the issuer. (2) The investee company is numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The description of the nature of the fund loan is as follows:

(1) For those with business contacts, fill in 1. (2) Fill in 2 if there is a need for short-term financing.

Note 3: According to the operation method of fund loans to others, the total amount of fund loans shall not exceed 40% of the net value of the lending company's latest financial statements; the limit for a single company's capital loan is not to exceed 40% of the net value of the

company's latest financial statement; however, the capital loan to a foreign company that directly or indirectly holds 100% of the voting shares of the company or a foreign company that directly or indirectly holds 100% of the voting shares of the company is not subject to the aforementioned limit, but the total amount of loans and the amount of loans to individual companies shall not exceed twice the net value of the company that lent funds.

Note 4: ACTION INDUSTRIES (M) SDN. BHD. As of December 31st, 2020, the actual expenditure is NTD \$28,480 (a total of 1,000 thousand US dollars, based on the exchange rate NTD: USD=28.48:1).

Table 2

Endorsements/Guarantees provided to others for the year ended Dec.31,2020

Unit: Thousand NTD

No	Endorser/ Guarantor	Party being endorsed/guaranteed		Limit on endorsement amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement /guarantee collateralized by properties	Percentage of accumulated guarantee amount to net assets value per latest financial statements	Limit of total guarantee amount (Note 1)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in mainland China	Note
		Company name	Relationship with the Company											
0	ACTION ELECTRONICS CO., LTD.	ACTION ASIA DEVELOPMENT IND CO., LTD.	Subsidiary	\$2,618,710	\$1,000,000	\$1,000,000	\$ —	\$1,000,000	38.19	\$3,928,065	Y	—	—	
1	ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	Subsidiary	1,787,614	82,532	78,251	56,960	—	4.38	2,681,421	Y	—	—	

No	Endorser/ Guarantor	Party being endorsed/guaranteed		Limit on endorsement amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement /guarantee collateralized by properties	Percentage of accumulated guarantee amount to net assets value per latest financial statements	Limit of total guarantee amount (Note 1)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in mainland China	Note
		Company name	Relationship with the Company											
2	ACTION ELECTRONICS CO., LTD.	ACTION ASIA DEVELOPMENT IND CO., LTD.	Associate	718,308	315,288	315,144	315,144	315,144	43.87	1,077,462	—	—	Y	

Note 1: According to the operating method of endorsement and guarantee, the amount of external endorsement must not exceed 1.5 times the company's current net worth; the amount of endorsements to a single company must not exceed the company's current net worth. The current net worth is subject to the latest accountant report.

Table 3

Security held as of Dec.31,2020

Unit: Thousand NTD

Held company name	Type of Security and name of security	Nature of Relationship	Financial statement account	Ending Balance				Note
				Shares/Units	Carrying amount (Note2)	Percentage of ownership	Fair Value	
Action Electronics Co.,Ltd	Clientron Corp. Common stock	—	Financial assets at fair value through other comprehensive income-current	5,100,000	\$ 87,312	8.02%	\$ 87,312	
	TOA Optronics Corporation. Common stock	—	Financial assets at fair value through profit and loss-noncurrent	1,282,500	—	6.55%	—	
ALMOND GARDEN CORP.	BLOOMING ENTERPRISE CO.,LTD. Common stock	—	Financial assets at fair value through profit and loss-noncurrent	454,892	—	14.55%	—	
REALISE TECH-SERVICE CO., LTD.	First bank RMB high yield bond fund	—	Financial assets at fair value through profit and loss-current	300,000	2,893	—	2,893	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of International Financial Reporting Standard No. 9 "Financial Instruments".

Note 2: If measured by fair value, please fill in the book balance after fair value evaluation adjustment and deducting allowance for the book value in column B; if it is not measured by fair value, please fill in the book balance of the amortized cost (after deduction of allowance loss) in column B of the book amount.

Table 4

The amount of purchases and sales with related parties reaches NTD 100 million or more than 20% of the paid-in capital

Unit: Thousand NTD

Company name	Related Party	Nature of Relationship	Transactions				Reasons for abnormal transaction		Notes/accounts receivables(Payables)		Note
			Purchases(Sales)	Amount	Percentage of purchases(Sales)	Payment Terms	Unit price	Payment Terms	Ending Balance	Percentage of total receivables (Payables)	
ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	ACTION INDUSTRIES (M) SDN. BHD	Parent company	Sales	\$ 117,899	34%	30% prepaid , 70% L/C	NIL	NIL	\$ 40,982	70%	

Table 5

Intercompany relationships and significant intercompany transactions for the year ended December 31 2020

Unit: Thousand NTD

No (Note1)	Company name	Counter Party	Nature of relationships (Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of net revenue or total assets(Note 4)	
0	ACTION ELECTRONICS CO., LTD.	REALISE TECH-SERVICE CO., LTD	1	Net revenue from sale of goods	\$ 15,966	60 days from receiving goods	1%	
		ACTION ASIA DEVELOPMENT IND CO., LTD.	1	Other receivables from related parties	68,335	Note 3	2%	
1	REALISE TECH-SERVICE CO., LTD.	ACTION ELECTRONICS CO., LTD.	2	Net revenue from service	15,368	60 days from account reconciliation is completed	1%	
				Net revenue from sale of goods	15,687	60 days from receiving goods	1%	
2	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	ASD ELECTRONICS LIMITED	3	Receivables from related parties	18,969	75 days from receiving goods	1%	
		ACTION INDUSTRIES(M) SDN. BHD.	3	Net revenue from sale of goods	117,899	30% prepaid and 70% L/C	9%	
				Receivables from related parties	40,982	30% prepaid and 70% L/C	1%	
		ATZ ELECTRONICS CO., LTD.	1	Net revenue from sale of goods	8,664	120 days from receiving goods	1%	
3	ALMOND GARDEN CORP.	ACTION TECHNOLOGY (JIAN) CO., LTD.	1	Receivables from related parties	30,245	75 days from receiving goods	1%	

No (Note1)	Company name	Counter Party	Nature of relationships (Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of net revenue or total assets(Note 4)	
4	ASD ELECTRONICS LIMITED	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	3	Net revenue from sale of goods	18,421	90 days from receiving goods	1%	
				Receivables from related parties	19,317	90 days from receiving goods	1%	
5	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	2	Net revenue from technical service	20,981	45 days from account reconciliation is completed	2%	
6	ACTION INDUSTRIES(M)	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	3	Net revenue from sale of goods	14,607	60 days from receiving goods	1%	
	SDN. BHD.	ACTION ELECTRONICS CO., LTD.	2	Other receivables from related parties	28,480	Note 3	1%	

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the serial number column respectively. The method of filling in the serial number is as follows:

1. Fill in 0 for the parent company. 2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company.

Note 2: The relationship with the trader has the following three types, and the type can be marked (if it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary part does not need to be disclosed again; if the subsidiary company has disclosed the transaction between one of its subsidiaries, the other subsidiary company need not be disclosed repeatedly.):

1. Parent company to subsidiary. 2. Subsidiary to parent company. 3. Subsidiary to subsidiary.

Note 3: The transaction is mainly in the nature of capital loans and advances on behalf of others, so it is not applicable.

Note 4: The calculation of the ratio of the transaction amount to the total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the total assets; if it is a profit and loss account, it is calculated based on the cumulative amount of the period in the combined total revenue.

Note 5: Individual transaction amounts that do not reach 1% of the combined total revenue or combined total assets will not be disclosed; in addition, the asset side and income side are the methods of disclosure.

Note 6: When preparing this parent company only financial statement, it has been written off.

Table 5 (1)

Intercompany relationships and significant intercompany transactions for the year ended December 31,2019

Unit: Thousand NTD

No (Note1)	Company name	Counter Party	Nature of relationship(Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of net revenue or total assets(Note 4)	
0	Action Electronics Co.,Ltd	Realise Tech-service Co.,Ltd	1	Net revenue from sale of goods	\$ 14,910	60 days from receiving goods	1%	
		ACTION ASIA LTD.	1	Other receivables from related parties	70,205	Note 3	2%	
		ALMOND GARDEN CORP.	1	Other receivables from related parties	28,483	Note 3	1%	
1	Realise Tech-service Co.,Ltd	Action Electronics Co.,Ltd	2	Net revenue from service	13,940	60 days from account reconciliation is completed	1%	
				Net revenue from sale of goods	11,032	60 dys from receiving goods	1%	
2	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	ASD ELECTRONICS LIMITED	3	Receivables from related parties	19,968	75 days from receiving goods	1%	
		ACTION INDUSTRIES(M) SDN. BHD.	3	Net revenue from sale of goods	204,147	30% prepaid and 70% L/C	15%	
				Receivables from related parties	34,105	30% prepaid and 70% L/C	1%	
3	ALMOND GARDEN CORP.	ACTION TECHNOLOGY (JIAN) CO., LTD.	1	Receivables from related parties	32,026	75 days from receiving goods	1%	

No (Note1)	Company name	Counter Party	Nature of relationship(Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of net revenue or total assets(Note 4)	
4	ASD ELECTRONICS LIMITED	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	3	Revenue from sale of goods	26,406	90 days from receiving goods	2%	
5	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	2	Net revenue from technical service	27,228	45 days from account reconciliation is completed	2%	
6	ACTION ASIA LTD.	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	1	Other receivables from related parties	86,100	Note 3	2%	

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the serial number column respectively. The method of filling in the serial number is as follows:

1. Fill in 0 for the parent company. 2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company.

Note 2: The relationship with the trader has the following three types, and the type can be marked (If it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary part does not need to be disclosed again; if the subsidiary company has disclosed the transaction between one of its subsidiaries, the other subsidiary company need not be disclosed repeatedly.):

1. Parent company to subsidiary. 2. Subsidiary to parent company. 3. Subsidiary to subsidiary.

Note 3: The transaction is of the nature of other receivables-capital reduction, so it is not applicable.

Note 4: The calculation of the ratio of the transaction amount to the total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the total assets; if it is a profit and loss account, it is calculated based on the cumulative amount of the period in the combined total revenue.

Note 5: Individual transaction amounts that do not reach 1% of the total revenue or total assets will not be disclosed; in addition, the asset side and income side are the methods of disclosure.

Note 6: When preparing this parent company only financial statement, it has been written off.

Table 6

The name of the investee company, its location... and other relevant information (not including the investee company in China)

Unit: Thousands of NTD ; Foreign Currency is one

Investor company	Investee company	Location	Main business	Initial Investment		Investment as of December 31,2020			Net income(loss) of investee company	Investment income(loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Action Electronics Co.,Ltd	ACTION ASIA LTD.	Singapore	Holding Company and investment	\$ 241,231	\$ 241,231	149,511,976	61.54	\$1,100,037	\$ 66,847	\$ 38,741	
	ALMOND GARDEN CORP.	BVI	Holding Company and investment	—	—	14,500,000	100.00	827,753	30,792	30,792	
	Best Denki Ltd.	Taiwan	Engaged in the sales and maintenance of various electrical appliances and home appliances	109,697	109,697	10,970,926	99.74	—	—	—	In liquidation
	Realise Tech-Service Co.,Ltd	Taiwan	After service of electronic information products	60,000	60,000	6,000,000	100.00	22,209	2,992	2,992	
	Action Asia Development Ind Co.,Ltd	Taiwan	Leasing of housing and industrial plant. Leasing and sales of real estate	200,000	100,000	20,000,000	100.00	193,345	(5,278)	(5,278)	

Investor company	Investee company	Location	Main business	Initial Investment		Investment as of December 31,2020			Net income(loss) of investee company	Investment income(loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
ALMOND GARDEN CORP.	ASD ELECTRONICS LIMITED	Hong Kong	R&D and sales of electronic products	46,200	46,200	4,175,000	100.00	12,371	(356)		
	ACTION ASIA LTD.	Singapore	Holding Company and investment	482,845	482,845	93,452,231	38.46	687,558	66,847		
ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	Malaysia	Manufacturing and sales of automotive LCD TV	54,911	54,911	13,200,000	100.00	117,131	7,619		
ACTION INDUSTRIES(M) SDN. BHD.	ACTION-TEK SDN. BHD.	Malaysia	R&D of consumer electronic products	—	—	2	100.00	(677)	(44)		

Table 7

China Investment Information

Unit: Thousand NTD

Investee company	Main Business or products	Paid in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of Jan 1,2020	Investment flow		Accumulated outflow of investment from Taiwan as of Dec 31,2020	Net income(loss) of investee company	Percentage of ownership	Investment income(loss) recognized (Note 1)	Carrying Amount as of Dec.31,2020	Accumulated inward remittance of earnings as of Dec.31,2020	Note
					Out flow	Inflow							
ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	LCD TV Products	\$ 529,218	Invested in Mainland China through 100% owned Almond Garden Corp.	\$ 529,218	—	—	\$ 529,218	\$ 38	100.00	\$ 38	\$ 32,259	\$ —	Note 1 Note 2
ACTION TECHNOLOGY (JIAN) CO., LTD.	R&D,manufacturing, sales of electronic products and plant and equipment leasing	356,915	Invested in Mainland China through 100% owned Almond Garden Corp.	356,915	—	—	356,915	6,711	100.00	6,711	62,458	—	Note 1 Note 2
BLOOMING ENTERPRISE CO.,LTD.	Manufacturing and sales of electronic products and accessories	100,377	Through 100% owned Almond Garden to acquire 14.55% equity of Blomming Enterprise to reinvest in Mainland China	24,375	—	—	24,375	—	14.55	—	—	—	Note 2

Investee company	Main Business or products	Paid in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of Jan 1,2020	Investment flow		Accumulated outflow of investment from Taiwan as of Dec 31,2020	Net income(loss) of investee company	Percentage of ownership	Investment income(loss) recognized (Note 1)	Carrying Amount as of Dec.31,2020	Accumulated inward remittance of earnings as of Dec.31,2020	Note
					Out flow	Inflow							
SHANGHAI ACTION TECHNOLOGY CO., LTD.	R&D,manufacturing,sales of electronic products and accessories . Warehousing service	594,004	Invested in Mainland China through 100% owned Action Asia Ltd.	339,959	—	—	339,959	64,132	100.00	64,132	945,800	—	Note 1 Note 2
ACTION ASIA (SHENZHEN) CO., LTD.	R&D,manufacturing,sales of electronic product and accessories	112,750	Invested in Mainland China through 100% owned Action Asia Ltd	—	—	—	—	10,766	100.00	10,766	717,278	—	Note 1 Note 2 Note 3

Table 7 (1)

Investee company	Main Business or products	Paid in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of Jan 1, 2020	Investment flow		Accumulated outflow of investment from Taiwan as of Dec 31, 2020	Net income(loss) of investee company	Percentage of ownership	Investment income(loss) recognized(Note 1)	Carrying Amount as of Dec.31, 2020	Accumulated inward remittance of earnings as of Dec.31, 2020	Note
					Outflow	Inflow							
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	Plant leasing service	\$ 512,344	Through 100% owned Action Asia Ltd. to acquire 100% equity of AAS to reinvest in Mainland China	\$ —	—	—	\$ —	\$ 16,502	40.00	\$ (4,945)	\$ 540,091	\$ —	Note 1 Note 2
ATZ ELECTRONICS CO., LTD.	R&D, manufacturing, sales of automotive products	24,470	Through 100% owned Action Asia Ltd. to acquire 100% equity of AAS to reinvest in Mainland China	—	—	—	—	(5,303)	51.00	(10,419)	(4,670)	—	Note 1 Note 2
ACTION INTELLIGENT (SHENZHEN) CO., LTD.	R&D and sales of AI electronic products	4,681	Through 100% owned Action Asia Ltd. to acquire 100% equity of AAS to reinvest in Mainland China	—	—	—	—	(5,535)	100.00	(5,535)	17	—	Note 1 Note 2

Note 1: Obtained based on the financial statements of the investee company checked by the Taiwanese parent company's certified accountant during the same period.

Note 2: The relevant figures in this table are all presented in New Taiwan dollars. For foreign currencies, the profit and loss accounts are converted into NTD at the weighted average exchange rate, and the balance sheet accounts are converted into NTD at the exchange rate

on the balance sheet date.

Note 3: In addition to the investment quota approved by the investment review committee, the investment review committee approved the "Asian Electronics (Shenzhen) Co., Ltd." for a total of NTD 202,102 thousand, which is not included in this Calculation of the company's investment quota in China.

Note 4: According to the investment quota of the Investment Review Committee of the Ministry of Economic Affairs, the enterprise that meets the paid-in capital of more than NTD 80 million: 60% of the net value.

Note 5: Shenzhen Action Industries

Electronics Co., Ltd. has been cancelled in 2006, and its accumulated investment from Taiwan is NTD 58,227 thousand (USD 2,100 thousand), and the investment has been repatriated as of December 31st, 2020 The income was NTD 21,327 (USD 668 thousand), and the repatriated investment shares amounted to NTD 67,044,000 (USD 2,100 thousand).

Note 6: The equity of Huayi Technology (Shenzhen) Co., Ltd. has been transferred in 2017, and its cumulative investment from Taiwan is NTD670,087 thousand.

Accumulated outflow of investment from Taiwan to Mainland China as of Dec 31,2020	Investment amounts authorized by Investment Commission, MOEA (Note 3)	Upper limit on investment in Mainland China (Note 4)
\$ 1,890,410	\$ 2,420,386	\$ 1,571,226

Table 8

Action Electronics Co.,Ltd
Main shareholder information
December 31st, 2020

Share Major shareholders	Share of ownership	Percentage of ownership
PENG CHUIN-PING	20,589,303	7.42%
TA PO INVESTMENT LTD.	16,716,170	6.03%

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by China National Security Company, and calculates that shareholders hold 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The above information. As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note 2: If the information on the Shanghai Development Bank is that shareholders deliver shares to the trust, they are disclosed in individual accounts by the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Public Information Observatory.

Action Electronics Co., Ltd.

The Content of Statements of Major Accounting Items

FY 2020

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

Statement Index	Item
1	Statement of cash and cash equivalents
2	Statement of current financial assets at fair value through other comprehensive income
Note 6(3)	Statement of current financial assets at amortized cost
3	Statement of accounts receivable
Note 6(5)	Statement of other receivables
4	Statement of inventories
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6	Statement of investments accounted for using equity method
Note 6(8)	Statement of property, plant and equipment
Note 6(8)	Statement of accumulated depreciation of property, plant and equipment
7	Statement of right-of-use assets
7	Statement of accumulated depreciation of right-of-use assets
Note 6(11)	Statement of investment property
Note 6(11)	Statement of accumulated depreciation of investment property
Note 6(12)	Statement of intangible assets
Note 6(30)	Statement of deferred tax assets
8	Statement of short-term loans
9	Statement of accounts payable
Note 6(15)	Statement of other payables
Note 6(30)	Statement of deferred tax liabilities
10	Statement of lease liabilities
11	Statement of other current liabilities
12	Statement of operating revenue
13	Statement of operating costs
14	Statement of operating expenses
Note 6(26)	Statement of other income
Note 6(27)	Statement of other gains and losses
Note 6(28)	Statement of finance costs
Note 6(29)	Statement of labor, depreciation and amortization by function

Statement of cash and cash equivalents

December 31.2020

Statement 1

Item	Description	Amount
Cash and petty cash	Including foreign cash	\$ 882
Cash in banks		
Checking accounts		20,530
Demand deposits		16,726
Foreign currency deposits	USD 656,038.53	19,105
	EUR 4,187.94	
	SGD 12,714.10	
	RMB 144.88	
Total		\$ 57,243

Exchange Rate :

USD @ 28.48

EUR @ 35.02

SGD @ 21.56

RMB @ 4.377

Statement of current financial assets at fair value through other comprehensive income

December 31.2020

Statement 2

Item	Balance at beginning of year		Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		Changes		Balance at end of year		Accumulated impairment	collateral
	shares	Fair value	shares	Amount	shares	Amount	shares	Fair value		
Financial assets at fair value through other comprehensive income										
Clientron Corp.	5,100,000	\$ 115,617	—	\$ (28,305)	—	\$ —	5,100,000	\$ 87,312	—	Nil

Statement of accounts receivable

December 31.2020

Statement 3

Customer	Description	Amount
Related Parties :		
BEST DENKI LTD.		\$ 4,691
REALISE TECH-SERVICE CO., LTD.		231
Subtotal		4,922
Less: Loss allowance		(4,691)
Total		\$ 231
Non-related Parties :		
Company A		\$ 12,286
Company B		11,191
Company C		8,574
Others	(The others doesn't exceed 5% of the account balance)	25,074
Subtotal		57,125
Less: Loss allowance		(94)
Total		\$ 57,031

Statement of inventories

December 31.2020

Statement 4

Item	Description	Amount		Remark
		Cost	Net Realized Value	
Goods in transit		\$ 8,508	\$ 8,508	
Finished goods		124	134	
Goods		150,322	198,189	
Subtotal		158,954	\$ 206,831	
Less : Loss allowance		(3,142)		
Total		\$ 155,812		

Statement of other current assets

December 31.2020

Statement 5

Item	Description	Amount
Current tax assets		\$ 92
Temporary debits		38
Product rights to be returned		16,574
Total		\$ 16,704

Statement of changes in investments accounted for using equity method

December 31.2020

Statement 6

Company	Balance at beginning of year		Addition(decrease) in investment		investment income or loss accounted for using equity method	Cash dividend	Exchange differences accounted for using equity method	Others	Balance at end of year			Mark value or net assets value		collateral
	shares	Amount	shares	Amount					shares	%	Amount	Unit Price	Amount	
ACTION ASIA LTD.	149,511,976	\$ 1,140,897	—	\$ —	\$ 38,741	\$ (95,152)	\$ 14,718	\$ 833	149,511,976	61.54%	\$ 1,100,037	—	\$ 1,100,037	Nil
ALMOND GARDEN CORP.	14,500,000	819,710	—	—	30,792	(32,606)	9,347	510	14,500,000	100.00%	827,753	—	827,753	"
REALISE TECH-SERVICE CO., LTD.	6,000,000	20,277	—	—	2,992	—	—	(1,060)	6,000,000	100.00%	22,209	—	22,209	"
ACTION ASIA DEVELOPMENT IND CO., LTD.	10,000,000	98,623	10,000,000	100,000	(5,278)	—	—	—	20,000,000	100.00%	193,345	—	193,345	"
Total		\$ 2,079,507		\$ 100,000	\$ 67,247	\$ (127,758)	\$ 24,065	\$ 283			\$ 2,143,344		\$ 2,143,344	

Statement of changes in right-of-use assets

December 31.2020

Statement 7

Item	Balance at January 1, 2020	Additions	Disposals or retirements	Reclassifications	Balance at Dec. 31, 2020
Cost :					
Buildings	\$ 15,009	\$ —	\$ —	\$ —	\$ 15,009
Transportation equipment	—	2,386	—	—	2,386
Subtotal	15,009	2,386	—	—	17,395
Accumulated depreciation :					
Buildings	2,289	3,249	—	—	5,538
Transportation equipment	—	597	—	—	597
Subtotal	2,289	3,846	—	—	6,135
Total	\$ 12,720	\$ (1,460)	\$ —	\$ —	\$ 11,260

Statement of short-term loans

December 31.2020

Statement 8

Type	Description	Balance, end of year	Repayment term	Rnage of interest rate	Loan commitments	Collateral	Remark
Collateralized loans	Mega International Commercial Bank Co., Ltd. Tao-Yuan Branch	\$ 130,000	109/07/10~110/04/06	1.05%~1.35%	\$ 275,000	Note8	
"	Taiwan Cooperative Bank Lisin Branch	60,000	109/02/12~110/02/12	1.5%	100,000	"	
"	Chang Hwa Commercial Bank, Ltd. Chungli Branch	75,000	109/10/14~110/01/12	1.45%	180,000	"	
"	HUA NAN COMMERCIAL BANK , LTD Chung-Shan Branch	40,000	109/12/18~110/03/18	1.55%~1.65%	100,000	"	
"	First Commercial Bank Chungli Branch	50,000	109/11/26~110/11/26	1.65%	100,000	"	
Loans for material purchase	Mega International Commercial Bank Co., Ltd. Tao-Yuan Branch	10,196	109/08/06~110/04/11	1.3%~1.54%	275,000		
"	Taiwan Cooperative Bank Lisin Branch	27,006	109/09/29~110/06/29	1.5%	180,000		
"	Chang Hwa Commercial Bank, Ltd. Chungli Branch	36,579	109/07/10~110/06/29	1.32%~1.54%	95,000		
"	HUA NAN COMMERCIAL BANK , LTD Chung-Shan Branch	40,136	109/07/24~110/04/27	1.65%~1.75%	100,000		
"	First Commercial Bank Chungli Branch	5,110	109/07/17~110/02/02	1.8%	100,000		
	Total	\$ 474,027					

Statement of accounts payable

December 31.2020

Statement 9

Company Name	Description	Amount	Remark
Related parties :			
REALISE TECH-SERVICE CO., LTD.		\$ 2,800	
ASD ELECTRONICS LIMITED		2,312	
Total		\$ 5,112	
Non-related parties :			
Company A		\$ 11,649	
Company B		4,784	
Company C		4,492	
Company D		1,544	
Others	The amount of individual vender does not exceed 5% of account balance.	3,204	
Total		\$ 25,673	

Statement of lease liabilities

December 31.2020

Statement 10

Item	Lease term	Discount rate	Amount
Buildings	2 to 5 years	1.63% ~ 1.66%	\$ 9,571
Transportation equipment	3 years	7.13%	1,836
Less: Current portion			(3,831)
Non-current portion			\$ 7,576

Statement of other current liabilities

December 31.2020

Statement 11

Item	Description	Amount
Refund liabilities		\$ 27,084
Contract liabilities		423
Receipts under custody		446
Temporary credits		143
Total		\$ 28,096

Statement of operating revenue

For the year ended December 31.2020

Statement 12

Item	Quantites	Amount
Air conditioner	25,782	\$ 290,866
Small appliances	40,143	45,408
Television	16,977	90,931
Kitchen appliances	14,489	16,033
Washing Machine and dryer	19,817	147,732
Freezer and refrigerator	10,878	88,623
Others		5,222
Operating revenue		684,815
Less : Sales returns		(32,841)
Less : Sales discounts and allowances		(83,274)
Net operating revenue		568,700
Other operating revenue		26,628
Total operating revenue		\$ 595,328

Statement of operating costs

For the year ended December 31.2020

Statement 13

Item	Amount
Raw materials- beginning of period	\$ —
Add : Raw meterial purchased	4,839
Less : Raw materials- end of period	—
Cost of raw material sold	4,839
Commodity- beginning of period	195,296
Add : Purchase	409,544
Less : Commodity- end of period	(158,830)
Transferred to expenses	(13,972)
Others	(7,312)
Cost of commodity sold	424,726
Finished goods- beginning of period	874
Add : Purchase	10
Less : Finished good- end of period	(124)
Cost of manufacturing and sales	760
Cost of goods sold	430,325
Loss on inventory valuation	848
Other operating costs	44,755
Total operating costs	\$ 475,928

Statement of operating expenses

For the year ended December 31.2020

Statement 14

Item	Description	Marketing expenses	General and administrative expenses	Gain on reversal of expected credit	Remark
Salaries and wages		\$ 20,418	\$ 25,615	\$ —	
Freight expense		15,241	7	—	
Advertising expense		7,847	476	—	
Service fee		1,445	9,394	—	
Gain on expected credit		—	—	1,115	
Other expenses	The amount of each item does not exceed 5% of account balance.	27,741	22,776	—	
Total		\$ 72,692	\$ 58,268	\$ 1,115	



Action Electronics CO.,LTD

Chairman: PENG TING-YU