ACTION ELECTRONICS CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021 AND 2020

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 the 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.

DECEMBER 31, 2021 AND 2020 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Action Electronics Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Action Electronics Co., Ltd. (the "Company") as at December 31, 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2021, and its parent company only financial performance and its parent company only cash flows for the year 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 generally accepted auditing standards 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 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 Company's 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Investments accounted for using the equity method - impairment assessment of property, plant and equipment and investment properties

Description

Refer to Note 4(18) for accounting policy on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment of non-financial assets and Note 6(7) for details of investments accounted for using the equity method.

The Company's valuation on property, plant and equipment and investment properties held by the subsidiary accounted for using the equity method, SHANGHAI ACTION TECHNOLOGY CO., LTD., is subjected to the overall industry environment and its operating conditions. The management estimated recoverable amount using value in use. Since the calculations of recoverable amount involved multiple assumptions and estimates and contained a high degree of uncertainty, and the estimated outcome had a significant effect on the valuation of value-in-use, we consider the investments accounted for using the equity method - impairment assessment of property, plant and equipment and investment properties a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding on the policies and procedures in relation to impairment assessment, assessed cash-generating units that have been identified by management as potentially impaired, and assessed whether there was any indication of impairment.

B. Assessed the competence and independence of the external appraiser engaged by the management. Discussed with the management on the appraiser's scope of work and the process of engagement acceptance to ensure that no conditions existed that would affect its independence or limit its scope of work.

C. Assessed and verified the accuracy and completeness of information used in the external appraiser's valuation and then provided for use by the management. Assessed the relevant assumptions and uncertainties involved during asset impairment testing, and considered the sufficiency of related disclosures.

Intangible assets - impairment of trademark right

Description

Refer to Note 4(18) for accounting policy on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to intangible assets - impairment of trademark right and Note 6(12) for details of intangible assets - trademark right.

The Company’s intangible assets are mainly the Kolin trademark. For the Company, the impairment was tested based on the recoverable amount which was measured using the present value of expected future cash flows discounted at an appropriate discount rate. Since the expected future cash flow involves a financial forecast for the next 5 years, and the assumptions applied in the preparation of the forecase are dependent upon subjective judgements and contain a high degree of uncertainties, which have a significant impact on the measurement of recoverable amount, and further affect the estimates of impairment of trademark, we consider the impairment assessment of intangible assets a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding and assessed the process in which the management estimated future cash flows of such cash-generating unit, and reconciled the future cash flows used with the future annual budget provided by operating segments.

B. Obtained an understanding on the procedure and basis for determining assumptions used by the management to forecast future cash flows.

C. Assessed the key assumptions used by the external appraider engaged by management in the estimation of future cash flows, including assessing the reasonableness of expected operating revenue, gross profit and changes in expenses by comparing to historical results.

D. Reviewed the parameters of discount rates, including the reasonableness of risk-free rate of cost of equity, market risk premium, securities risk premium and size risk premium.

Other matter – Prior period financial statements audited by another auditor

The parent company only financial statements of the Company for the year ended December 31, 2020 were audited by another auditor who expressed an unqualified opinion on those statements on March 29, 2021.

Responsibilities of management and those charged with governance for the 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 misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the 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 generally accepted auditing standards 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.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A. 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.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. 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.

E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. 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 audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period 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.

Lin, Ya-Hui   Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 29, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 46,716	1	$ 57,243	2
1110	Current financial assets at fair value through profit or loss	6(2)	4,004	-	-	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	166,166	5	87,312	2
1136	Current financial assets at amortised cost	6(1) and 8	77,504	2	71,200	2
1180	Accounts receivable, net	6(4) and 7	87,530	2	67,759	2
1200	Other receivables	6(5) and 7	30,326	1	89,912	3
130X	Current inventories	6(6) and 8	274,967	8	155,812	4
1470	Other current assets		18,603	1	24,255	1
11XX	**Total current assets**		705,816	20	553,493	16
	Non-current assets					
1550	Investments accounted for using equity method	6(7)	2,339,465	65	2,143,344	64
1600	Property, plant and equipment	6(8) and 8	56,884	2	57,992	2
1755	Right-of-use assets	6(9)	18,632	-	11,260	-
1760	Investment property, net	6(11) and 8	115,086	3	210,016	6
1780	Intangible assets	6(12)	218,778	6	223,874	7
1840	Deferred tax assets	6(28)	136,380	4	151,643	5
1900	Other non-current assets		6,229	-	5,720	-
15XX	**Total non-current assets**		2,891,454	80	2,803,849	84
1XXX	**Total assets**		$ 3,597,270	100	$ 3,357,342	100

(Continued)

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Current borrowings	6(13)	$ 312,963	9	$ 474,027	14
2130	Current contract liabilities	6(22)	3,843	-	2,972	-
2180	Accounts payable	7	50,495	1	34,163	1
2200	Other payables	6(15) and 7	87,700	2	67,795	2
2280	Current lease liabilities		6,678	-	3,831	-
2300	Other current liabilities		16,107	1	28,096	1
21XX	**Total current liabilities**		477,786	13	610,884	18
	Non-current liabilities					
2540	Non-current portion of non-current borrowings	6(14)	160,000	5	-	-
2550	Non-current provisions	6(16)	176	-	913	-
2570	Deferred tax liabilities	6(28)	106,081	3	113,393	4
2580	Non-current lease liabilities		12,168	-	7,576	-
2600	Other non-current liabilities	6(17)	5,627	-	5,866	-
25XX	**Total non-current liabilities**		284,052	8	127,748	4
2XXX	**Total liabilities**		761,838	21	738,632	22
	Equity					
	Share capital	6(18)				
3110	Common stock		2,771,575	77	2,771,575	82
	Capital surplus	6(19)				
3200	Capital surplus		1,602	-	1,602	-
	Retained earnings	6(20)				
3310	Legal reserve		24,671	1	20,301	1
3320	Special reserve		239,553	7	204,418	6
3350	Unappropriated retained earnings		214,778	6	69,785	2
	Other equity interest	6(3)				
3400	Other equity interest		(416,747)	(12)	(448,971)	(13)
3XXX	**Total equity**		2,835,432	79	2,618,710	78
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 3,597,270	100	$ 3,357,342	100

The accompanying notes are an integral part of these parent company only financial statements.

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
4000	Operating revenue	6(22) and 7	$ 571,538	100	$ 595,328	100
5000	Operating costs	6(6)(27) and 7	(470,461)	(82)	(475,928)	(80)
5900	Gross profit from operations		101,077	18	119,400	20
	Operating expenses	6(27) and 7				
6100	Selling expenses		(88,542)	(16)	(72,692)	(12)
6200	Administrative expenses		(86,894)	(15)	(58,268)	(10)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		1	-	(1,115)	-
6000	Total operating expenses		(175,435)	(31)	(132,075)	(22)
6900	Net operating loss		(74,358)	(13)	(12,675)	(2)
	Non-operating income and expenses					
7100	Interest income	6(23)	154	-	97	-
7010	Other income	6(24)	19,319	3	20,739	3
7020	Other gains and losses	6(25)	(2,056)	-	(8,812)	(1)
7050	Finance costs	6(26)	(6,972)	(1)	(8,063)	(1)
7055	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		-	-	(11,367)	(2)
7070	Share of profit of associates and joint ventures accounted for using equity method	6(7)	292,593	51	67,247	11
7000	Total non-operating income and expenses		303,038	53	59,841	10
7900	**Profit before income tax**		228,680	40	47,166	8
7950	Income tax expense	6(28)	(20,140)	(3)	(1,070)	-
8200	**Profit for the year**		$ 208,540	37	$ 46,096	8
	Other comprehensive income					
8311	Gains (losses) on remeasurements of defined benefit plans		$ 378	-	($ 1,668)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	82,428	15	(28,305)	(5)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		1,855	-	(1,060)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(76)	-	334	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		84,585	15	(30,699)	(5)
8361	Exchange differences on translation		(60,860)	(11)	24,065	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		12,173	2	(4,813)	(1)
8360	Components of other comprehensive income that will be reclassified to profit or loss		(48,687)	(9)	19,252	3
8300	**Other comprehensive income**		$ 35,898	6	($ 11,447)	(2)
8500	**Total comprehensive income**		$ 244,438	43	$ 34,649	6
	Earnings per share	6(29)				
9750	Basic earnings per share		$ 0.75		$ 0.17	
9850	Diluted earnings per share		$ 0.75		$ 0.17	

The accompanying notes are an integral part of these parent company only financial statements.

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

				Retained Earnings			Other equity interest		
	Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2020									
Balance at January 1		$ 2,771,575	$ 259	$ 14,828	$ 204,418	$ 92,531	($ 489,535)	$ 49,617	$ 2,643,693
Profit for the year		-	-	-	-	46,096	-	-	46,096
Other comprehensive (loss) income for the year		-	-	-	-	(2,394)	19,252	(28,305)	(11,447)
Total comprehensive income		-	-	-	-	43,702	19,252	(28,305)	34,649
Appropriation and distribution of 2019 retained earnings:	6(20)								
Legal reserve appropriated		-	-	5,473	-	(5,473)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(60,975)	-	-	(60,975)
Changes in ownership interests in subsidiaries		-	1,343	-	-	-	-	-	1,343
Balance at December 31		$ 2,771,575	$ 1,602	$ 20,301	$ 204,418	$ 69,785	($ 470,283)	$ 21,312	$ 2,618,710
2021									
Balance at January 1		$ 2,771,575	$ 1,602	$ 20,301	$ 204,418	$ 69,785	($ 470,283)	$ 21,312	$ 2,618,710
Profit for the year		-	-	-	-	208,540	-	-	208,540
Other comprehensive income (loss) for the year		-	-	-	-	2,157	(48,687)	82,428	35,898
Total comprehensive income		-	-	-	-	210,697	(48,687)	82,428	244,438
Appropriation and distribution of 2020 retained earnings:	6(20)								
Legal reserve appropriated		-	-	4,370	-	(4,370)	-	-	-
Special reserve appropriated		-	-	-	35,135	(35,135)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(27,716)	-	-	(27,716)
Proceeds from disposal of financial assets at fair value through other comprehensive income transferred to retained earnings	6(3)	-	-	-	-	1,517	-	(1,517)	-
Balance at December 31		$ 2,771,575	$ 1,602	$ 24,671	$ 239,553	$ 214,778	($ 518,970)	$ 102,223	$ 2,835,432

The accompanying notes are an integral part of these parent company only financial statements.

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 228,680	$ 47,166
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	10,486	9,106
Amortisation	6(27)	6,595	6,211
Expected credit (gain) loss		(1)	12,482
Gains on financial assets at fair value through profit or loss	6(25)	(4)	-
Interest income	6(23)	(155)	(97)
Dividend income	6(24)	(5,929)	(7,650)
Interest expense	6(26)	6,972	8,063
Share of profit of subsidiaries and associates accounted for using the equity method	6(7)	(292,593)	(67,247)
Loss (gain) on disposal of property, plant and equipment	6(25)	-	(571)
Unrealised foreign exchange gain		-	(2,708)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(4,000)	-
Accounts receivable		(19,770)	16,590
Other receivables		59,586	15,916
Inventories		(25,370)	38,064
Other current assets		5,661	(7,148)
Other non-current assets		-	(1,928)
Changes in operating liabilities			
Contract liabilities		871	(835)
Accounts payable		16,332	(5,288)
Other payables		20,192	3,338
Provisions		(737)	(1,320)
Other current liabilities		(11,989)	13,967
Net defined benefit liability		(378)	-
Cash (outflow) inflow generated from operations		(5,551)	76,111
Interest received		155	97
Dividends received		43,395	135,408
Interest paid		(6,972)	(8,185)
Income taxes paid		(9)	(1,717)
Net cash flows from operating activities		31,018	201,714

(Continued)

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	$ 3,574	$ -
Increase in financial assets at amortised cost		(6,304)	(72,475)
Acquisition of property, plant and equipment	6(8)	(3,112)	(99)
Acquisition of intangible assets	6(12)	(642)	(475)
Acquisition of investments accounted for using the equity method	6(7)	-	(100,000)
Disposal of property, plant and equipment		-	570
Acquisition of investment property		-	(28,648)
Decrease in other receivables - related parties		-	33,598
Increase in other non-current assets		(906)	-
Increase in refundable deposits		(460)	-
Increase in prepayments for business facilities		-	(477)
Net cash flows used in investing activities		(7,850)	(168,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long-term borrowings	6(30)	160,000	-
Decrease in short-term borrowings	6(30)	(161,064)	(17,733)
Increase in other payables - related parties		-	30,146
Increase in guarantee deposits received	6(30)	139	69
Payments of lease liabilities	6(30)	(5,054)	(3,668)
Cash dividends paid		(27,716)	(60,975)
Net cash flows used in financing activities		(33,695)	(52,161)
Net decrease in cash and cash equivalents		(10,527)	(18,453)
Cash and cash equivalents at beginning of year		57,243	75,696
Cash and cash equivalents at end of year		$ 46,716	$ 57,243

The accompanying notes are an integral part of these parent company only financial statements.

ACTION ELECTRONICS CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Action Electronics Co., Ltd. (the "Company") was incorporated on July 21, 1976 and transferred its listing from the Taipei Exchange to the Taiwan Stock Exchange in August 2000. The Company is primarily engaged in the trade of audio-visual electronic products, various home appliances and other related products, housing and building development and rental, etc.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 29, 2022.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021(Note)

Note: Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3,'Reference to the conceptual framework'	January 1, 2022
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 above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	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
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

A. Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

B. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

C. Translation of foreign operations

(a) The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) <u>Cash equivalents</u>

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company’s business model is achieved by collecting contractual cash flows.

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. The Company’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Inventories

The perpetual inventory system is adopted for inventory recognition. Inventories are initially recorded at cost. Borrowing costs incurred during the construction period (construction in progress) are capitalised. The cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Ending inventories are stated at the lower of cost and net realisable value. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price the ordinary course of business, less the cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

H. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss.

J. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 56 years
Machinery and equipment	3 ~ 10 years
Office equipment	3 ~ 10 years
Other equipment	3 ~ 6 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Borrowing costs incurred during the construction period are capitalised. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 ~ 66 years.

(17) Intangible assets

A. Trademarks and patents

Separately acquired trademarks and patents are stated at historical cost. Trademarks and patents acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and patents have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 2 to 50 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

（18） Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Provisions

Provisions (including warranties, etc.) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pension

(a) Defined contribution plan

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds at the balance sheet date that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past-service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(25) <u>Dividends</u>

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) <u>Revenue recognition</u>

A. Sales of goods

(a) The Company manufactures and sells audio-visual electronic products, a variety of home appliances and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from sales is recognised based on the price specified in the contract, net of the estimated sales returns, discounts and other allowances. Accmulated experience is used to estimate and provide for the sales returns, discounts and other allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability (shown as other current liabilities) and an asset recognised as right to recover products from customers (shown as other current assets, others) are recognised for expected sales returns and allowances payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c) The Company’s obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The advances received before delivery of goods is recognised a contract liability..

B. Incremental costs of obtaining a contract

The Company recognises an asset (shown as ‘other current assets, others’) the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer if the Company expects to recover those costs. The recognised asset is amortised on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates. The Company recognises an impairment loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Company expects to receive less the costs that have not been recognised as expenses.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, The Company has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic, and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

There were no critical judgements in applying the Company's accounting policies during the year.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of investments accounted for using the equity method

The Company assesses the impairment of an investment accounted for using the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

Details of the Company's investment accounted for using the equity method as of December 31, 2021 are provided in Note 6(7).

B. Investments accounted for using the equity method - impairment assessment of property, plant and equipment and investment properties

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

C. Impairment assessment of intangible assets - trademark right

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

D. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

Details of the carrying amount of inventories as of December 31, 2021 are provided in Note 6(6).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2021		December 31, 2020	
Cash on hand and revolving funds	$	455	$	882
Checking accounts and demand deposits		46,261		56,361
	$	46,716	$	57,243

A. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company's cash and cash equivalents pledged for bank borrowings was classified as financial assets at amortised cost – current. Refer to Note 8 for details.

C. As of December 31, 2021 and 2020, the Company's time deposits with maturity over 3 months amounted to $77,504 and $71,200, respectively, and were recorded under 'financial assets at amortised cost – current'.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2021		December 31, 2020	
Current items：				
Financial assets mandatorily measured at fair value through profit or loss				
Fund beneficiary certificates	$	4,000	$	-
Valuation adjustment		4		-
	$	4,004	$	-

A. As of December 31, 2021 and 2020, the Company has no financial assets at fair value through profit or loss pledged to others.

B. Amounts relating to net gains (losses) on financial assets at fair value through profit or loss, recorded as 'other gains and losses', are provided in Note 6(25).

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2021		December 31, 2020	
Current items：				
Equity instruments				
Emerging stocks	$	63,943	$	66,000
Valuation adjustment		102,223		21,312
	$	166,166	$	87,312

A. The Company has elected to classify strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $166,166 and $87,312 as at December 31, 2021 and 2020, respectively.

B. For the years ended December 31, 2021 and 2020, the amounts of fair value changes recognised in other comprehensive income for financial assets at fair value through other comprehensive income were $82,428 and $21,312, respectively.

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was $166,166 and $87,312, respectively.

D. On March 29, 2021, the Board of Directors resolved to sell 5,100 thousand shares of emerging stock in an open market. In the second quarter of 2021, the Company disposed 159 thousand shares for proceeds of $3,574. The gain on disposal amounted to $1,517 and has been transferred to retained earnings.

E. As of December 31, 2021 and 2020, the Company has no financial assets at fair value through other comprehensive income pledged to others.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2021		December 31, 2020	
Notes receivable	$	14,295	$	10,497
Accounts receivable(including related parties)		78,019		62,047
Less: Loss allowance	(	4,784)	(	4,785)
	$	87,530	$	67,759

A. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to $89,188.

B. As of December 31, 2021 and 2020, the Company has no notes and accounts receivable pledged to others.

C. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Other receivables

	December 31, 2021	December 31, 2020
Other receivables-related parties	$ 104,718	$ 164,333
Others	77	48
	$ 104,795	$ 164,381
Less: Loss allowance	(74,469)	(74,469)
	$ 30,326	$ 89,912

Other receivables-related parties are provided in Note 7.

(6) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Finished goods	$ 13	($ 6)	$ 7
Merchandise	170,894	(4,356)	166,538
Inventory in transit	14,637	-	14,637
Construction in progress	93,785	-	93,785
	$ 279,329	($ 4,362)	$ 274,967

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Finished goods	$ 124	($ 31)	$ 93
Merchandise	150,322	(3,111)	147,211
Inventory in transit	8,508	-	8,508
	$ 158,954	($ 3,142)	$ 155,812

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2021	2020
Cost of goods sold	$ 424,831	$ 430,325
(Gains) losses on inventory valuation	1,220	848
Others	44,410	44,755
	$ 470,461	$ 475,928

Information about Construction in progress that were pledged to others as collateral is provided in Note 8.

(7) Investments accounted for using equity method

A. Details are as follows：

	Year ended December 31	
	2021	2020
ACTION ASIA LTD.(AAL)	$ 1,130,069	$ 1,100,037
ALMOND GARDEN CORP.(AGC)	993,334	827,753
FARYEAR CONSTRUCTION CO., LTD. (formerly 'ACTION ASIA DEVELOPMENT IND CO., LTD.')	187,065	193,345
REALISE TECH-SERVICE CO., LTD.	28,997	22,209
	$ 2,339,465	$ 2,143,344

B. For the years ended December 31, 2021 and 2020, the share of profit or loss of subsidiaries for using the equity method is as follows:

	Year ended December 31	
	2021	2020
ACTION ASIA LTD.(AAL)	$ 67,715	$ 38,741
ALMOND GARDEN CORP.(AGC)	226,225	30,792
FARYEAR CONSTRUCTION CO., LTD. (formerly 'ACTION ASIA DEVELOPMENT IND CO., LTD.')	(6,280)	(5,278)
REALISE TECH-SERVICE CO., LTD.	4,933	2,992
	$ 292,593	$ 67,247

C. In 2020, the company increased its investment in FAR YEAR CONSTRUCTION CO., LTD. by $100,000, and the number of additional shares was 10,000 thousand shares.

D. The Company's net investment income or loss accounted for using equity method are recognized based on the financial reports of the subsidiaries that have been audited by accountants during the same period.

E. Please refer to Note 4(3) in the 2021 consolidated financial statements for the information regarding the Company's subsidiaries.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Total
January 1, 2021						
Cost	$ 41,945	$ 39,435	$ 7,225	$ 3,414	$ -	$ 92,019
Accumulated depreciation	-	(27,729)	(3,331)	(2,967)	-	(34,027)
	$ 41,945	$ 11,706	$ 3,894	$ 447	$ -	$ 57,992
Year ended December 31, 2021						
Opening net book amount	$ 41,945	$ 11,706	$ 3,894	$ 447	$ -	$ 57,992
Additions	-	276	-	-	2,836	3,112
Reclassifications	-	(462)	-	-	-	(462)
Depreciation charge	-	(1,664)	(1,340)	(234)	(520)	(3,758)
Closing net book amount as at December 31	$ 41,945	$ 9,856	$ 2,554	$ 213	$ 2,316	$ 56,884
December 31, 2021						
Cost	$ 41,945	$ 38,711	$ 7,225	$ 3,334	$ 2,836	$ 94,051
Accumulated depreciation	-	(28,855)	(4,671)	(3,121)	(520)	(37,167)
	$ 41,945	$ 9,856	$ 2,554	$ 213	$ 2,316	$ 56,884

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Unfinished construction	Total
January 1, 2020							
Cost	$ 106,762	$ 52,565	$ 7,225	$ 3,414	$ 3,159	$ 19,552	$ 192,677
Accumulated depreciation	-	(34,776)	(1,991)	(2,679)	(3,159)	-	(42,605)
	$ 106,762	$ 17,789	$ 5,234	$ 735	$ -	$ 19,552	$ 150,072
Year ended December 31, 2020							
Opening net book amount	$ 106,762	$ 17,789	$ 5,234	$ 735	$ -	$ 19,552	$ 150,072
Additions	-	99	-	-	-	-	99
Disposals	-	-	-	-	(3,159)	-	(3,159)
Reclassifications	(64,817)	(4,146)	-	-	-	(19,552)	(88,515)
Depreciation charge	-	(2,036)	(1,340)	(288)	3,159	-	(505)
Closing net book amount as at December 31	$ 41,945	$ 11,706	$ 3,894	$ 447	$ -	$ -	$ 57,992
December 31, 2020							
Cost	$ 41,945	$ 39,435	$ 7,225	$ 3,414	$ -	$ -	$ 92,019
Accumulated depreciation	-	(27,729)	(3,331)	(2,967)	-	-	(34,027)
	$ 41,945	$ 11,706	$ 3,894	$ 447	$ -	$ -	$ 57,992

A. Information about the reclassifications of property for the year ended December 31, 2020 is provided in Note 6(11).

B. Information about the property that was pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements－lessee

A. The Company leases various assets including buildings and structure and transportation equipment. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise photocopiers. Low-value assets comprise office equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021		December 31, 2020	
	Carrying amount		Carrying amount	
Buildings and structures	$	17,638	$	9,471
Transportation equipment		994		1,789
	$	18,632	$	11,260

	Year ended December 31			
	2021		2020	
	Depreciation charge		Depreciation charge	
Buildings and structures	$	4,326	$	3,249
Transportation equipment		795		597
	$	5,121	$	3,846

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $12,493 and $2,386, respectively.

E. Informaion on profit or loss in relation to lease contracts is as follows:

	Year ended December 31			
	2021		2020	
Items affecting profit or loss				
Interest expense on lease liabilities	$	300	$	297
Expense on short-term lease contracts		485		112
Expense on leases of low-value assets		215		208

F. Forthe years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were $6,054 及$4,285, respectively.

(10) Leasing arrangements – lessor

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be sublet, subleased and used as security, whether in whole or in part, by lessees.

B. For the years ended December 31, 2021 and 2020, the Company recognised rent income in the amounts of $5,903 and $5,836, respectively, based on the operating lease agreement.

C. The maturity analysis of the lease payments under the operating leases is as follows：

	December 31, 2021	December 31, 2020
1 st year	$ 4,842	$ 3,237
2 nd year	1,396	2,134
3 rd year	-	335
	$ 6,238	$ 5,706

(11) Investment property

	2021			
	Land	Buildings and structures	Investment property under construction	Total
At January 1				
Cost	$ 68,691	$ 58,585	$ 119,154	$ 246,430
Accumulated depreciation and impairment	-	(36,414)	-	(36,414)
	$ 68,691	$ 22,171	$ 119,154	$ 210,016
Opening net book amount as at January 1	$ 68,691	$ 22,171	$ 119,154	$ 210,016
Reclassifications	15,107	462	(108,892)	(93,323)
Depreciation charge	-	(1,607)	-	(1,607)
Closing net book amount as at December 31	$ 83,798	$ 21,026	$ 10,262	$ 115,086
At December 31				
Cost	$ 83,798	$ 59,584	$ 10,262	$ 153,644
Accumulated depreciation and impairment	-	(38,558)	-	(38,558)
	$ 83,798	$ 21,026	$ 10,262	$ 115,086

Note: Information about the reclassifications of investment property is provided below.

	2020			
	Land	Buildings and structures	Investment property under construction	Total
At January 1				
Cost	$ 70,166	$ 60,244	$ -	$ 130,410
Accumulated depreciation and impairment	-	(35,961)	-	(35,961)
	$ 70,166	$ 24,283	$ -	$ 94,449
Opening net book amount as at January 1	$ 70,166	$ 24,283	$ -	$ 94,449
Additions	-	-	28,648	28,648
Reclassifications	(1,475)	(516)	90,506	88,515
Depreciation charge	-	(1,596)	-	(1,596)
Closing net book amount as at December 31	$ 68,691	$ 22,171	$ 119,154	$ 210,016
At December 31				
Cost	$ 68,691	$ 58,585	$ 119,154	$ 246,430
Accumulated depreciation and impairment	-	(36,414)	-	(36,414)
	$ 68,691	$ 22,171	$ 119,154	$ 210,016

A. To active the assets, the Company used its land on No. 239 and 240-1, Zhonggong Sec., Zhongli Dist. and land on No. 241, Zhonggong Sec., Zhongli Dist. held by Youyuanlai Investment Co., Ltd. to jointly build and develop ‘Yisheng Zhihui Science and Technology Park’ ,which the subsidiary FAR YEAR CONSTRUCTION CO., LTD. was entrusted to carry out the development and construction matters, as approved by the Board of Directors on June 15, 2020. The Company has reclassified the properties to investment properties using the carrying amounts at the time of change in use.

B. In the second quarter of 2021, the Company changed its plan regarding the future operating purpose of the ‘Yisheng Zhihui Science and Technology Park’ development project and decided the subsidiary FAR YEAR CONSTRUCTION CO., LTD. to commission Haiju Development Co., Ltd. to sell the properties of this project. In accordance with IAS 40, the Company shall transfer the assets from investment properties to construction in progress (shown as ‘inventories’) when there is a change in use of property.

C. The Company applied for a change of land planning to increase building bulk, and the application has been approved by the Ministry of Economic Affairs. According to the restrictions on property rights of increased building bulk under the agreement, 21.29% of properties shall be retained and shall not be transferred to others without the consent of the Ministry of Economic Affairs within 5 years. As of December 31, 2021, the value of the retained property was $15,107(shown as investment property – land) and $89,310(shown as investment property – buildings) and the unretained property was $386,025(shown as inventories – Construction in progress).

D. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2021	2020
Rental income from investment property	$ 5,793	$ 5,727
Direct operating expenses arising from the investment property that generated rental income during the year	$ 4,334	$ 2,577
Direct operating expenses arising from the investment property that did not generate rental income during the year	$ 1,553	$ 1,133

E. The fair value of the investment property held by the Company as at December 31, 2021 based on the quoted prices in the neighboring area by real estate agents or information available on the real estate actual purchase price registration system. The carrying amount of right-of-use assets was also considered in their valuations.

F. The fair value of the investment property held by the Company as at December 31, 2020 based on the quoted prices in the neighboring area by real estate agents or information available on the real estate actual purchase price registration system, and some were valued by an external appraiser using the Level 3 inputs on the balance sheet date. The carrying amount of right-of-use assets was also considered in their valuations. Valuation methods used by the above external appraiser are income approach and Land development analysis approach.

The fair value of the investment property as at December 31, 2021 and 2020 was $483,653 and $1,057,383, respectively.

G. Refer to Note 8 for further information on investment property pledged to others as collateral.

(12) Intangible assets

	2021			
	Kolin trademark	Patents	Software	Total
January 1, 2021				
Cost	$ 295,711	$ 276	$ 1,858	$ 297,845
Accumulated amortisation	(71,928)	(276)	(1,767)	(73,971)
	$ 223,783	$ -	$ 91	$ 223,874
2021				
Opening net book amount as at January 1	$ 223,783	$ -	$ 91	$ 223,874
Additions	317	-	325	642
Amortisation charge	(5,608)	-	(130)	(5,738)
Closing net book amount as at December 31	$ 218,492	$ -	$ 286	$ 218,778
December 31, 2021				
Cost	$ 289,113	$ 276	$ 2,183	$ 291,572
Accumulated amortisation	(70,621)	(276)	(1,897)	(72,794)
	$ 218,492	$ -	$ 286	$ 218,778

	2020			
	Kolin trademark	Patents	Software	Total
January 1, 2020				
Cost	$ 295,346	$ 276	$ 1,748	$ 297,370
Accumulated amortisation	(66,363)	(276)	(1,742)	(68,381)
	$ 228,983	$ -	$ 6	$ 228,989
2020				
Opening net book amount as at January 1	$ 228,983	$ -	$ 6	$ 228,989
Additions	365	-	110	475
Amortisation charge	(5,565)	-	(25)	(5,590)
Closing net book amount as at December 31	$ 223,783	$ -	$ 91	$ 223,874
December 31, 2020				
Cost	$ 295,711	$ 276	$ 1,858	$ 297,845
Accumulated amortisation	(71,928)	(276)	(1,767)	(73,971)
	$ 223,783	$ -	$ 91	$ 223,874

Details of amortisation on intangible assets are as follow:

	Year ended December 31	
	2021	2020
Selling expenses	$ 5,608	$ 5,565
General and administrative expenses	130	25
	$ 5,738	$ 5,590

(13) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate	Collateral
Bank borrowings			
Unsecured borrowi	$ 40,000	1.30%~1.33%	None
Secured borrowing	272,963	1.22%~1.45%	Refer to Note 8
	$ 312,963		

Type of borrowings	109年12月31日		Interest rate	Collateral
Bank borrowings				
Unsecured borrowi	$	119,027	1.30%~1.80%	None
Secured borrowing:		355,000	1.05%~1.65%	Refer to Note 8
	$	474,027		

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021	
Long-term bank borrowings					
Secured borrowings	Borrowing period is from June 2021 to June 2024; interest is repayable monthly; principal is repayable at maturity.	1.65%	Refer to Note 8	$	160,000

There was no such transaction as of December 31, 2020.

(15) Other payables

	December 31, 2021		December 31, 2020	
Other payables－related parties	$	29,947	$	32,421
Employee bonus payable		12,653		2,592
Directors' and supervisors' remuneration payable		10,052		2,073
Wages and salaries and bonuses payable		8,216		8,779
Service expenses payable		4,537		3,650
Others		22,295		18,280
	$	87,700	$	67,795

Other payables－related parties are provided in Note 7.

(16) Provisions

	Warranty			
	2021		2020	
At January 1	$	913	$	2,233
Additional provisions		2,599		2,656
Used during the year	(	3,336)	(	3,976)
At December 31	$	176	$	913

Analysis of total provisions:

	December 31, 2021	December 31, 2020
Current	$ -	$ -
Non-current	$ 176	$ 913

The Company gives warranties on home appliances, LCD players and other applications. Provision for warranty is estimated based on historical warranty data of such products. It is expected that provision for warranty will be used during the next 1 ~ 2 years.

(17) Pension

A. Defined benefit plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	($ 15,746)	($ 15,863)
Fair value of plan assets	11,344	11,083
Net defined benefit liability (shown as other non-current liabilities)	($ 4,402)	($ 4,780)

(c) Movements in net defined benefit liabilities are as follows:

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 15,863)	$ 11,083	($ 4,780)
Current service cost	(45)	-	(45)
Interest (expense) income	(48)	33	(15)
	(15,956)	11,116	(4,840)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	168	168
Change in financial assumptions	269	-	269
Experience adjustments	(59)	-	(59)
	210	168	378
Pension fund contribution	-	60	60
At December 31	($ 15,746)	$ 11,344	($ 4,402)

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 13,692)	$ 10,580	($ 3,112)
Current service cost	(45)	-	(45)
Interest (expense) income	(82)	63	(19)
	(13,819)	10,643	(3,176)
Remeasurements:	-	-	-
Return on plan assets (excluding amounts included in interest income or expense)	-	376	376
Change in financial assumptions	(309)	-	(309)
Experience adjustments	(1,735)	-	(1,735)
	(2,044)	376	(1,668)
Pension fund contribution	-	64	64
At December 31	($ 15,863)	$ 11,083	($ 4,780)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2021	2020
Discount rate	0.6%	0.3%
Future salary increases	1.5%	1.5%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined	($ 218)	$ 224	$ 182	($ 179)
December 31, 2020				
Effect on present value of defined	($ 258)	$ 265	$ 221	($ 217)

The sensitivity analysis above is based on one assumption which changed whike the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to $60.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 6 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	3,074
1 ~ 2 year(s)		2,073
2 ~ 5 years		3,602
Over 5 years		4,879
	$	13,628

B. Defined contribution plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were $2,364 and $1,978, respectively.

(18) Share capital

As of December 31, 2021, the Company’s authorised capital was $4,500,000, and the paid-in capital was $2,771,575, consisting of 277,158 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021		
	Overdue dividends	Changes in ownership interests in subsidiaries	Total
At January 1 (at December 31)	$ 259	$ 1,343	$ 1,602

	2020		
	Overdue dividends	Changes in ownership interests in subsidiaries	Total
At January 1	$ 259	$ -	$ 259
Changes in ownership interests in s	-	1,343	1,343
At December 31	$ 259	$ 1,343	$ 1,602

(20) <u>Retained earnings</u>

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After setting aside or reversing a special reserve in accordance with the laws and requirements by competent authority, the appropriation of the remaining earnings, along with the unappropriated earnings, shall be proposed by the Board of Directors and resolved at the shareholders' meeting as dividends to shareholders.

B. In accordance with the Company's dividend policy in the Articles of Incorporation, dividends are distributed by taking into consideration the Company's operational needs and shareholders' maximum interests, future capital expenditures and capital needs. Cash dividends shall account for at least 30% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2020 and 2019 earnings as resolved at the shareholders' meetings on August 5, 2021 and June 15, 2020, respectively, are as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal surplus	$ 4,370		$ 5,473	
Special reserve	35,135		-	
Cash dividends	27,716	0.10	60,975	0.22
	$ 67,221		$ 66,448	

The aforementioned resolutions were in agreement with those resolved by the Board of Directors on May 12, 2021 and March 24, 2020. Information will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. The appropriation of 2021 earnings as proposed by the Board of Directors on March 29, 2022 is as follows:

	Year ended December 31, 2021	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	$ 21,222	
Special reserve appropriated	2,563	
Cash dividends	83,147	0.30
	$ 106,932	

As of March 29, 2022, the aforementioned appropriation of 2021 earnings has not yet been resolved at the shareholders' meeting.

(21) Other equity items

	2021		
	Foreign exchange translation adjustments	Unrealised gains (losses) on valuation	Total
At January 1	($ 470,283)	$ 21,312	($ 448,971)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income:			
- Revaluation – gross	-	82,428	82,428
- Revaluation transferred to retained earnings – gross	-	(1,517)	(1,517)
Currency translation differences:			
- Group	(60,860)	-	(60,860)
- Tax on Group	12,173	-	12,173
At December 31	($ 518,970)	$ 102,223	($ 416,747)

	2020		
	Foreign exchange translation adjustments	Unrealised gains (losses) on valuation	Total
At January 1	($ 489,535)	$ 49,617	($ 439,918)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income:			
- Revaluation – gross	-	(28,305)	(28,305)
Currency translation differences:			
- Group	24,065	-	24,065
- Tax on Group	(4,813)	-	(4,813)
At December 31	($ 470,283)	$ 21,312	($ 448,971)

(22) Operating revenue

	Year ended December 31	
	2021	2020
Revenue from contracts with customers		
Sales of goods	$ 541,121	$ 568,700
Other operating revenue	30,417	26,628
	$ 571,538	$ 595,328

Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2021
Contract liabilities:			
Sales of goods	$ 3,843	$ 2,972	$ 3,807

	Year ended December 31	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Sales of goods	$ 2,903	$ 3,695

(23) Interest income

	Year ended December 31	
	2021	2020
Interest income from bank deposits	$ 142	$ 83
Other interest income	12	14
	$ 154	$ 97

(24) Other income

	Year ended December 31	
	2021	2020
Rental income	$ 5,903	$ 5,836
Dividend income	5,929	7,650
Management service income	5,363	4,727
Other income	2,124	2,526
	$ 19,319	$ 20,739

(25) Other gains and losses

	Year ended December 31	
	2021	2020
Gains on disposals of property, plant and equipment	$ -	$ 571
Net currency exchange losses	(58)	(9,383)
Gains on change in value of financial assets at fair value through profit or loss	4	-
Others	(2,002)	-
	($ 2,056)	($ 8,812)

(26) Finance costs

	Year ended December 31	
	2021	2020
Interest expense on bank borrowings	$ 6,136	$ 7,475
Interest expense on subsidiaries borrowings	476	290
Interest expense on lease liabilities	300	297
Other financial expenses	60	1
	$ 6,972	$ 8,063

(27) Employee benefits, depreciation and amortisation expenses

	Year ended December 31	
	2021	2020
Employee benefit expense		
Wages and salaries	$ 61,264	$ 46,033
Labour and health insurance fees	5,041	3,764
Pension costs	2,424	2,042
Director's remuneration	11,302	2,272
Other employee benefit expense	3,329	2,845
Subtotal	$ 83,360	$ 56,956
Depreciation charge	$ 10,486	$ 9,106
Amortisation charge	$ 6,595	$ 6,211

The average number of employees of the company in 2021 and 2020 was 64 and 58, respectively, of which 6 directors were not part-time employees.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 4% for directors' remuneration. Independent directors do not participate in the distribution. If the Company has accumulated deficit, earnings should be retained to cover losses. The employees' compensation will be distributed in the form of shares or cash. The recipients of aforementioned employees' compensation include the employees of the Company's subsidiaries who meet certain specific requirements set by the Board of Directors. The aforementioned distributable profit of the current year is profit of the current year before deducting taxes, employees' compensation and directors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at $12,565 and $2,592, respectively; while directors' and supervisors' remuneration was accrued at $10,052 and $2,073, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5% and 4% of distributable profit of current year for the year ended December 31, 2021. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $12,565 and $10,052, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2020 amounting to $2,592 and $2,073, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expenses

(a) Components of income tax expense:

	Year ended December 31	
	2021	2020
Current tax:		
Prior year income tax under estimation	$ 92	$ 1,720
Deferred tax:		
Origination and reversal of temporary differences	20,048	(650)
Income tax expenses	$ 20,140	$ 1,070

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2021	2020
Currency translation differences	($ 12,173)	$ 4,813
Remeasurements of defined benefit plans	76	(334)
	($ 12,097)	$ 4,479

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	$ 45,736	$ 9,433
Expenses disallowed by tax regulation	7,151	26,945
Tax losses not recognised as deferred tax assets	5,833	-
Change in assessment of realisation of deferred tax assets	(38,672)	(37,028)
Prior year income tax under (over) estimation	92	1,720
Income tax expenses	$ 20,140	$ 1,070

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Others	December 31
Deferred tax assets:					
-Temporary differences:					
Remeasurements of defined benefit plans	$ 458	$ -	($ 76)	$ -	$ 382
Currency translation differences	63,309	-	12,173	-	75,482
Loss carryforward	87,876	(27,355)	-	(5)	60,516
Subtotal	$ 151,643	($ 27,355)	$ 12,097	($ 5)	$ 136,380
-Deferred tax liabilities:					
Reserve for land value increment tax	($ 25,517)	$ -	$ -	$ -	($ 25,517)
Gain on long-term equity investments	(87,876)	7,307	-	5	(80,564)
Subtotal	($ 113,393)	$ 7,307	$ -	$ 5	($ 106,081)
Total	$ 38,250	($ 20,048)	$ 12,097	$ -	$ 30,299

	2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Others	December 31
Deferred tax assets:					
-Temporary differences:					
Remeasurements of defined benefit plans	$ 124	$ -	$ 334	$ -	$ 458
Currency translation differences	68,122	-	(4,813)	-	63,309
Loss carryforward	113,428	-	-	(25,552)	87,876
Subtotal	$ 181,674	$ -	($ 4,479)	($ 25,552)	$ 151,643
-Deferred tax liabilities:					
Unrealized exchange gains	($ 420)	$ 420	$ -	$ -	$ -
Reserve for land value	(25,517)	-	-	-	(25,517)
Gain on long-term equi	(113,428)	-	-	25,552	(87,876)
Refund liabilities	(230)	230	-	-	-
Subtotal	($ 139,595)	$ 650	$ -	$ 25,552	($ 113,393)
Total	$ 42,079	$ 650	($ 4,479)	$ -	$ 38,250

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021				
ear incurre	mount filed/assess	Unused amount	Unrecognised deferred tax assets	Expiry date
2014	$ 464,643	$ 396,498	$ 264,332	2024
2015	14,352	11,952	-	2025
2017	121,674	120,090	-	2027
2018	41,029	38,029	-	2028
2019	4,168	343	-	2029
2021	35,094	29,165	29,165	2031
	$ 680,960	$ 596,077	$ 293,497	

December 31, 2020				
			Unrecognised	
ʼear incurre	mount filed/assess	Unused amount	deferred tax assets	Expiry date
2014	$ 464,643	$ 396,498	$ 89,215	2024
2015	14,352	11,952	2,689	2025
2017	121,674	120,090	27,021	2027
2018	41,029	38,029	8,557	2028
2019	4,168	343	77	2029
	$ 645,866	$ 566,912	$ 127,559	

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary difference	$ 122,352	$ 130,142

F. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 208,540	277,158	$ 0.75
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 208,540	$ 277,158	
Assumed conversion of all dilutive potential ordinary shares			
Employees'compensation	-	897	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary share	$ 208,540	278,055	$ 0.75

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 46,096	277,158	$ 0.17
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 46,096	$ 277,158	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	431	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary share	$ 46,096	277,589	$ 0.17

(30) Changes in liabilities from financing activities

	2021				
	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Liabilities from financing activities -gross
At January 1	$ 474,027	$ -	$ 1,086	$ 11,407	$ 486,520
Changes in cash flow from financing activities	(161,064)	160,000	139	(5,054)	(5,979)
Changes in lease liabilities	-	-	-	12,493	12,493
At December 31	$ 312,963	$ 160,000	$ 1,225	$ 18,846	$ 493,034

	2020			
	Short-term borrowings	Guarantee deposits received	Lease liabilities	Liabilities from financing activities -gross
At January 1	$ 492,555	$ 925	$ 12,689	$ 506,169
Changes in cash flow from financing activities	(17,733)	69	(3,668)	(21,332)
Changes in lease liabilities	-	-	2,386	2,386
Changes in other non-cash items	(795)	92	-	(703)
At December 31	$ 474,027	$ 1,086	$ 11,407	$ 486,520

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ACTION ASIA LTD.(AAL)	Subsidiaries
ALMOND GARDEN CORP.(AGC)	Subsidiaries
REALISE TECH-SERVICE CO., LTD.(RLS)	Subsidiaries
FARYEAR CONSTRUCTION CO., LTD (AFY) (formerly 'ACTION ASIA DEVELOPMENT IND CO., LTD.')	Subsidiaries (Note 1)
ACTION INDUSTRIES(M) SDN.	Subsidiaries
SHANGHAI ACTION TECHNOLOGY CO., LTD. (ASJ)	Subsidiaries
ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	Subsidiaries
ACTION INTELLIGENT (SHENZHEN) CO., LTD. (AIS)	Subsidiaries
ACTION-TEKSDN. BHD.(ATK)	Subsidiaries
ASD ELECTRONICS LIMITED(ASD)	Subsidiaries
ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD. (AKS)	Subsidiaries
ACTION TECHNOLOGY (JIAN) CO., LTD. (ATJ)	Subsidiaries (Note 2)
TUNG YUH LOGISTICS CORPORATION (TUNG YUH)	Other related party (Note 3)
YOU YUAN LAI INVESTMENT LTD. (YOU YUAN LAI)	Other related party (Note 4)
BEST DENKI LTD. (BEST)	Other related party (Note 5)

Note 1 : ACTION ASIA DEVELOPMENT IND CO., LTD.. changed its name to FARYEAR CONSTRUCTION CO., LTD in the third quarter of 2021.

Note 2 : On March 29, 2011, the company decided to dispose of the 100% equity of ACTION TECHNOLOGY (JIAN) CO., LTD. held by the subsidiary company ALMOND GARDEN CORP. (AGC) through the resolution of the board of directors.The benchmark date for disposal is June 2, 2021.

Note 3 : The company conducts director re-election at the shareholders' annual general meeting on June 15 2020, and TUNG YUH LOGISTICS CORPORATION will not be a related party of the company from June 15,2020.

Note 4 : The company conducts director re-election at the shareholders' annual general meeting on June 15 2020, and YOU YUAN LAI INVESTMENT LTD. will be a related party of the company from June 15,2020.

Note 5: On December 7, 2017, the Board of Directors of BEST DENKI LTD. passed a dissolution resolution. On December 25, 2017, the shareholders at their extraordinary general meeting approved to set the date of dissolution on December 31, 2017. As of the report date, the liquidation was still in progress.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2021	2020
Subsidiaries	$ 15,103	$ 16,822

There is no material difference between the transaction price and payment terms for the sale of goods and those of non-related parties.

B. Purchases

	Year ended December 31	
	2021	2020
Subsidiaries	$ 12,818	$ 17,632

Goods are purchased from affiliates under normal commercial terms and conditions.

C. Management Services Income (Listed of Other Income)

	Year ended December 31	
	2021	2020
Subsidiaries		
-AFY	$ 3,592	$ 2,661
-Others	1,771	2,066
	$ 5,363	$ 4,727

The main department provides administrative resources and management services for related parties. The transaction price and payment conditions are negotiated by both parties.

D. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
Subsidiaries	$ 1,006	$ 231
Other related parties	4,691	4,691
	5,697	4,922
Less: Loss allowance	(4,691)	(4,691)
	$ 1,006	$ 231
Other receivables:		
Other related parties		
-BEST	$ 93,353	$ 93,353
Subsidiaries		
-AFY	9,444	68,159
-Others	1,921	2,821
	104,718	164,333
Less: Loss allowance	(74,469)	(74,469)
	$ 30,249	$ 89,864

The above-mentioned receivables from related parties on December 31, 2021 and 2020 are mainly due to capital reduction, advances and management service income of subsidiaries.

E. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable:		
Subsidiaries	$ 1,122	$ 5,112
Other payables:		
Subsidiaries	$ 2,225	$ 3,779

The above-mentioned amounts due to related parties on December 31, 2021 and 2020 are mainly due to after-sales service fees and advances.

F. Lease Trading - Lessee

(a) The Company leases the plant from a related party of the Company for a period of one to three years and the rent is paid monthly.

(b) Rental expenses

	Year ended December 31	
	2021	2020
Subsidiaries	$ -	$ 34

(c) Lease liabilities

i. Ending balance：

	Year ended December 31	
	2021	2020
Subsidiaries	$ 730	$ 585

ii. Interest expense：

	Year ended December 31	
	2021	2020
Subsidiaries	$ 11	$ 12

G. Loan of related parties

Loan from related parties

(a) Ending balance (Listed of Other Payables - Related Parties)

	Year ended December 31	
	2021	2020
Subsidiaries		
-AMP	$ 27,722	$ 28,642

(b) Interest expense

	Year ended December 31	
	2021	2020
Subsidiaries		
-AMP	$ 476	$ 290

Borrowings from subsidiaries are subject to repayment upon maturity, and interest in 2021 and 2020 will be charged at an annual interest rate of 1.7%.

H. Endorsements and guarantees provided to related parties

	December 31, 2021	December 31, 2020
Other related parties		
-YOU YUAN LAI	$ 50,000	$ 50,000
Subsidiaries		
-AFY	$ 1,000,000	$ 1,000,000
-AAS	45,000	-
	$ 1,045,000	$ 1,000,000

(1) The Group issued guarantee notes of $50,000 thousand to YOU YUAN LAI as the performance guarantee for a development project of ‘Yisheng Zhihui Science and Technology Park’. Refer to Note 6(11) for details.

(2) As the joint guarantor of the subsidiary's loan, the company provides an endorsement guarantee.

(3) Key management compensation

	Year ended December 31	
	2021	2020
Short-term employee benefits	$ 23,587	$ 14,230

8. Pledged Assets

The Company’s assets pledged as collateral are as follows:

Pledged assets	Book value December 31, 2021	Book value December 31, 2020	Purpose
Time deposits (shown as financial assets at amortised cost－current)	$ -	$ 56,960	Bank borrowings
Property, plant and equipment - land and buildings	44,929	45,999	Bank borrowings
Investment property - land and buildings	89,993	146,509	Bank borrowings
Inventories - construction in progress	55,847	-	Bank borrowings
	$ 190,769	$ 249,468	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) The company issues endorsement guarantee notes due to credit loan quotas and commitments. As of December 31st, 2021 and 2020, they were NTD 1,656,000 thousand and NTD 711,000 thousand, respectively.

(2) The forward letters of credit issued by the company for purchasing commodities and raw materials as of December 31st, 2021 and 2020, were NTD 53,339 thousand and NTD 53,699 thousand in circulation, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The appropriation of earnings for 2021 had been proposed and resolved by the Board of Directors on March 29, 2022. Details are provided in Note 6(20).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 4,004	$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 166,166	$ 87,312
Financial assets at amortised cost	$ 244,219	$ 287,798
Financial liabilities		
Financial liabilities at amortised cost	$ 612,383	$ 577,071
Lease liability (Including current and non-current)	$ 18,846	$ 11,407

Note: Financial assets at amortised cost include cash and cash equivalents, accounts and notes receivable，financial assets at amortised cost - current, other receivables and guarantee deposits paid; financial liabilities at amortised cost include short-term borrowings, accounts and notes payable, other payables, long-term borrowings and guarantee deposits received.

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's financial policy tends toward conservatism principle, therefore the Company does not operate the high-risk and complex derivative financial instruments.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: MYR and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign Currency Amount (In thousands)	Exchange Rate	Book value (NTD)
(Foreign currency:functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 2,841	27.68	$ 78,639
Financial liabilities			
Monetary items			
USD:NTD	$ 3,848	27.68	$ 106,513

	December 31, 2020		
	Foreign Currency Amount (In thousands)	Exchange Rate	Book value (NTD)
(Foreign currency:functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 3,199	28.48	$ 91,108
Financial liabilities			
Monetary items			
USD:NTD	$ 1,267	28.48	$ 36,084

iv. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to a loss of $58 and $9,383,respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency:functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 786	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 1,065	$ -

	December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency:functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 911	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 361	$ -

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% or liquidity discount rate had changes by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $40 and $0, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,662 and $873, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

i. The Comapny’s borrowings are fixed-rate debts. The changes in market interest rates do not affect future cash flows, and thus the Company is not exposed to cash flow risk arising from interest rate changes.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $3,784 and $3,792, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The Company manages their credit risk taking into consideration the entire company’s concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company’s credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

v. The Company classifies customer’s accounts receivable in accordance with credit rating of customer. The Company used the forecastability of data obtained from the Business

Indicators Data Base of the National Development Council and the Basel Committee on Banking Supervision to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2021 and 2020, the loss rate is as follows:

	Not past due	Past due within 30 days	Past due 31-90 days	Past due 91-180 days	Past due over 181 days	Total
December 31, 2021						
Rate of expected credit loss	0.06%	0.07%	0.08%	0.08%	100.00%	
Carrying amounts	$ 87,623	$ -	$ -	$ -	$ 4,691	$ 92,314
Loss allowance	$ 93	$ -	$ -	$ -	$ 4,691	$ 4,784
December 31, 2020						
Rate of expected credit loss	0.06%	0.07%	0.08%	0.08%	100.00%	
Carrying amounts	$ 67,853	$ -	$ -	$ -	$ 4,691	$ 72,544
Loss allowance	$ 94	$ -	$ -	$ -	$ 4,691	$ 4,785

vi. Movements in relation to the Company applying the modified approach to provide loss allowance for receivables are as follows:

	2021
	Receivables
At January 1	$ 4,785
Gains on reversal of credit impairment	(1)
At December 31	$ 4,784

	2020
	Receivables
At January 1	$ 3,724
Provision for impairment	1,115
Write-off during the year	(54)
At December 31	$ 4,785

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:		
December 31, 2021	Within 1 year	Over 1 year
Short-term borrowings	$ 312,963	$ -
Accounts payable	50,495	-
Other payables	87,700	-
Long-term borrowings	-	160,000
Lease liabilities	6,943	12,355
Guarantee deposits received	-	1,225

Non-derivative financial liabilities:		
December 31, 2020	Within 1 year	Over 1 year
Short-term borrowings	$ 474,027	$ -
Accounts payable	34,163	-
Other payables	67,795	-
Lease liabilities	4,067	7,770
Guarantee deposits received	-	1,086

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3:Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable and other payables (including related parties) are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) 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:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 4,004	$ -	$ -	$ 4,004
Financial assets at fair value through other comprehensive income	$ 166,166	$ -	$ -	$ 166,166

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ 87,312	$ -	$ -	$ 87,312

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Emerging stocks	Open-end fund
Market quoted price	Closing price	Net asset value

ii. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

(4) The global economic is full of uncertainties due the COVID-19 pandemic. The pandemic has no material impact of the Company's going concern, impairment of assets and financing risks.

13. Supplementary Disclosures

(1) Significant transactions information

Information on significant transactions as of and for the year ended December 31, 2021 in conformity with the Rules Governing the Preparation of Financial Statements by Securities Issuers is as follows. In addition, inter-company transactions between companies were eliminated. The following disclosures are for reference only:

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Information

Not applicable.

Action Electronics Co., Ltd. and its subsidiaries

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31,	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
1	ACTION INDUSTRIE S (M) SDN. BHD.	ACTION ELECTRONICS CO., LTD.	Other receivables - related parties	Yes	$ 28,535	$ 27,680	$ 27,680	1.70	2	$ -	Working capital	$ -	-	-	$ 325,180	$ 325,180	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The numbers filled in for the nature of loan are as follows:
(1) Business transaction is '1'.
(2) Short-term financing is '2'.

Note 3: In accordance with the regulations governing loans to others, ceiling on total loans granted is 40% of the net asset value of the creditor in the most recent financial statements; limit on loans granted to a single party is 40% of the net asset value of the creditor in the most recent financial statements. However, loans granted to foreign companies whose voting rights are 100% directly or indirectly owned by the Company are not subject to the aforementioned restrictions, but ceiling on total loans granted and limit on loans granted to a single party is no higher than 200% of the net asset value of the creditor.

Note 4: As of December 31, 2021, the actual amount drawn down by ACTION INDUSTRIES (M) SDN. BHD. was $27,680 (USD 1,000 thousand, translated using the exchange rate NTD：USD＝27.68：1)

Action Electronics Co., Ltd. and its subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number 1）	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Relationship with the endorser/ guarantor（Note 2）	Limit on endorsements/ guarantees provided for a single party（Notes 3 and 8）	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021（Note 4）	Outstanding endorsement/ guarantee amount at December 31, 2021（Note 5）	Actual amount drawn down（Note 6）	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided（Notes 3 and 8）	Provision of endorsements/ guarantees by parent company to subsidiary（Note 7）	Provision of endorsements/ guarantees by subsidiary to parent company（Note 7）	Provision of endorsements/ guarantees to the party in Mainland China（Note 7）	Footnote
0	ACTION ELECTRONICS CO., LTD.	FAR YEAR CONSTRUCTION CO., LTD.	2	$ 2,835,432	$ 1,000,000	$ 1,000,000	$ 192,821	$ 1,000,000	35.27	$ 4,253,148	Y	N	N	
0	ACTION ELECTRONICS CO., LTD.	ACTION ASIA (SHENZHEN) CO., LTD.	2	2,835,432	45,000	45,000	26,728	45,000	1.59	4,253,148	Y	N	Y	
1	ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	2	1,836,418	77,804	75,245	55,360	-	2.65	2,754,627	Y	N	N	
2	ACTION ASIA (SHENZHEN) CO., LTD.	DEDE TECHNOLO GY (SHENZHEN) CO., LTD.	6	715,418	315,648	312,768	312,768	312,768	11.03	1,073,127	N	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary
(3) The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.
(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(5) Mutual guarantee of the trade made by the endorsed/guaranteed company as required under the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”, and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities, and all other events involving endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: In accordance with the Company’s “Procedures for Provision of Endorsements and Guarantees”, ceiling on total amount of endorsements/guarantees provided by the Company is 150% of the Company’s most-recent net asset value; limit on endorsements/guarantees provided for a single party is the Company’s most-recent net asset value. The net asset value is based on the most recent financial statements that are audited and attested by auditors.

Action Electronics Co., Ltd. and its subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2021				
Securities held by	Marketable securities （Note 1）	Relationship with the securities issuer （Note 2）	General ledger account	Number of shares (in thousands)	Book value （Note 3）	Ownership (%)	Fair value	Footnote （Note 4）
ACTION ELECTRONICS CO., LTD.	Ordinary stocks of Clientron Corp.	-	Financial assets at fair value through other comprehensive income - current	4,941	$ 166,166	0.08	$ 166,166	
ACTION ELECTRONICS CO., LTD.	Ordinary stocks of TOA Optronics Corporation.	-	Financial assets at fair value through profit or loss - non-current	1,283	-	0.07	-	
ACTION ELECTRONICS CO., LTD.	Allianz Global Investors Income and Growth Fund		Financial assets at fair value through profit or loss - current	374	4,004	-	4,004	
ALMOND GARDEN CORP.	Ordinary stocks of BLOOMING ENTERPRISE CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	455	-	0.15	-	
REALISE TECH-SERVICE CO., LTD.	FSITC US Top 100 Bond Fund	-	Financial assets at fair value through profit or loss - current	284	2,743	-	2,743	
FAR YEAR CONSTRUCTION CO., LTD.	PineBridge ESG Quantitative Global Equity Fund	-	Financial assets at fair value through profit or loss - current	500	5,255	-	5,255	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Action Electronics Co., Ltd. and its subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction (Note 5)			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	operating revenues or total assets (Note 3)
0	ACTION ELECTRONICS CO., LTD.	REALISE TECH-SERVICE CO., LTD.	1	Sales revenue	$ 14,059	T/T 60 days after receipt of goods	1%
1	REALISE TECH-SERVICE CO., LTD.	ACTION ELECTRONICS CO., LTD.	2	Sales revenue	24,213	T/T 60 days after receipt of goods	2%
2	ACTION ASIA (SHENZHEN) CO., LTD.	ACTION INDUSTRIES(M) SDN. BHD.	3	Sales revenue	246,283	30% prepayments and 70% L/C	16%
2	ACTION ASIA (SHENZHEN) CO., LTD.	ACTION INDUSTRIES(M) SDN. BHD.	3	Accounts receivable	49,095	30% prepayments and 70% L/C	1%
4	ASD ELECTRONICS LIMITED	ACTION ASIA (SHENZHEN) CO., LTD. and its subsidiaries	3	Sales revenue	25,373	T/T 90 days after receipt of goods	2%
6	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	ACTION ASIA (SHENZHEN) CO., LTD. and its subsidiaries	3	Technical service revenue	27,443	T/T 45 days after reconciliation	2%
7	ACTION INDUSTRIES(M) SDN. BHD.	ACTION ASIA (SHENZHEN) CO., LTD. and its subsidiaries	3	Sales revenue	18,191	T/T 60 days after receipt of goods	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Individual transaction amounts less than 1% of consolidated total operating revenue or consolidated total assets are not disclosed. Transactions from asset and revenue sides are disclosed, an the opposite sides are not disclosed.

Action Electronics Co., Ltd. and its subsidiaries
Information on investees
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended December 31, 2021 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2(3))	Footnote
ACTION ELECTRONICS CO., LTD.	ACTION ASIA LTD.	Singapore	A holding and investment company	$ 241,231	$ 241,231	149,511,976	61.54%	$ 1,130,069	$ 110,039	$ 67,715	
ACTION ELECTRONICS CO., LTD.	ALMOND GARDEN CORP.	British Virgin Islands	A holding and investment company	-	-	14,500,000	100.00%	993,334	226,225	226,225	
ACTION ELECTRONICS CO., LTD.	BEST DENKI LTD.	Taiwan	Sale and maintenance of various electronic appliances and home appliances	109,696	109,696	10,970,926	99.74%	-	-	-	In liquidation
ACTION ELECTRONICS CO., LTD.	REALISE TECH-SERVICE CO., LTD.	Taiwan	Repair services of electronic information products	60,000	60,000	6,000,000	100.00%	28,997	5,563	4,933	
ACTION ELECTRONICS CO., LTD.	FAR YEAR CONSTRUCTION CO., LTD.	Taiwan	Housing, building and industrial factory development and rental and real estate leasing and trading	200,000	200,000	20,000,000	100.00%	187,065	(6,280)	(6,280)	
ALMOND GARDEN CORP.	ASD ELECTRONICS LIMITED	Hong Kong	Research and development and sale	46,200	46,200	4,175,000	100.00%	11,718	(384)	-	
ALMOND GARDEN CORP.	ACTION ASIA LTD.	Singapore	A holding and investment company	482,845	482,845	93,452,231	38.46%	706,349	110,039	-	
ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	Malaysia	Manufacture and sale of car LCD TVs	54,911	54,911	13,200,000	100.00%	149,226	40,800	-	
ACTION INDUSTRIES(M) SDN. BHD.	ACTION-TEK SDN. BHD.	Malaysia	Research and development of consumer electronic products	-	-	2	100.00%	(716)	(85)	-	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021: Remitted to China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	LCD TV products	$ 529,218	Invested in Mainland China through a wholly-owned Almond Garden Corp.	$ 529,218	$ -	$ -	$ 529,218	($ 54)	100.00	($ 54)	$ 31,960	$ -	Notes 1 and 2
DONGGUAN JINGWAN PHOTOELECTRICITY CO., LTD.	Manufacture and sale of electronic products and its accessories	100,377	Reinvested in Mainland China through a 14.55%-owned BLOMMING ENTERPRISE CO., LTD of a wholly-owned ALMOND GARDEN CORP.	24,375	-	-	24,375	-	14.55	-	-	-	Note 2
SHANGHAI ACTION TECHNOLOGY CO., LTD.	Research and development, manufacture and sale of electronic products and accessories and warehousing services	594,004	Invested in Mainland China through a wholly-owned ACTION ASIA LTD.	339,959	-	-	339,959	69,884	100.00	69,884	965,123	-	Note 2
ACTION ASIA (SHENZHEN) CO., LTD.	Research and development, manufacture and sale of electronic products and accessories	112,750	Invested in Mainland China through a wholly-owned ACTION ASIA LTD.	-	-	-	-	3,566	100.00	3,808	714,729	-	Notes 2 and 3
DEDE TECHNOLO GY (SHENZHEN) CO., LTD.	Plant leasing services	512,344	Reinvested in Mainland China through a wholly-owned ACTION ASIA (SHENZHEN) CO., LTD. of a wholly-owned ACTION ASIA LTD.	-	-	-	-	84,039	40.00	20,343	558,287	-	Notes 1 and 2
ATZ ELECTRONICS CO., LTD.	Research and development, manufacture and sale of automotive electronic products and accessories	24,470	Reinvested in Mainland China through a wholly-owned ACTION ASIA (SHENZHEN) CO., LTD. of a wholly-owned ACTION ASIA LTD.	-	-	-	-	2,166	51.00	1,105	-	-	Notes 1, 2 and 8
ACTION INTELLIGENT (SHENZHEN) CO., LTD.	Research and development and sale of AI electronic products	4,681	Reinvested in Mainland China through a wholly-owned ACTION ASIA (SHENZHEN) CO., LTD. held of a wholly-owned ACTION ASIA LTD.	-	-	-	-	1,225	100.00	1,225	1,242	-	Notes 1 and 2

Action Electronics Co., Ltd. and its subsidiaries

Information on investments in Mainland China

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ACTION ELECTRONICS CO., LTD.	$ 1,890,410	$ 2,420,386	$ 1,701,259

Note 1: The investees were evaluated based on the investees' unaudited financial statements for the same period.
Note 2: The numbers in this table are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates and balance sheet accounts at spot exchange rates prevailing at the balance sheet date.
Note 3: In addition to the investment quota approved by the Investment Commission of the MOEA, the earnings transferred to investment in 'ACTION ASIA (SHENZHEN) CO., LTD.' in a total amount of NTD 202,102 thousand as approved by the Investment Commission of the MOEA are not included in the calculation of the Company's investment quota in Mainland China.
Note 4: According to the ceiling on investments in Mainland China imposed by the Investment Commission of MOEA, the ceiling for entities whose paid-in capital is over $80 million is 60% of net asset value.
Note 5: Shenzhen Action Industries Electronics Co., Ltd. has been deregistered in 2006, and the accumulated amount of investment from Taiwan was NTD 58,227 thousand (USD 2,100 thousand).
As of September 30, 2020, the investment income remitted back to Taiwan was NTD 21,327 thousand (USD 668 thousand), and the investment amount remitted back to Taiwan was NTD 67,044 thousand (USD 2,100 thousand).
Note 6: The equity of Huayi Technology (Shenzhen) Co., Ltd. has been transferred in 2017, and the accumulated amount of investment from Taiwan was NTD 670,087 thousand.
Note 7: The equity of ACTION TECHNOLOGY (JIAN) CO., LTD. has been transferred in 2021, and the accumulated amount of investment from Taiwan was NTD 356,915 thousand.
Note 8: The equity of ATZ ELECTRONICS CO., LTD. has been transferred in 2021, and the accumulated amount of investment from Taiwan was NTD 0 thousand.

Action Electronics Co., Ltd. and its subsidiaries

Major shareholders information

December 31, 2021

Table 7

Name of major shareholders	Shares	
	Number of shares held (in thousands)	Ownership (%)
PENG CHUIN-PING	20,589	7.42%
TA PO INVESTMENT LTD.	16,451	5.92%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor’s separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the“Market Observation Post System”.

ACTION ELECTRONICS CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 1

Name of Financial	Description	Shares in thousands	Face value	Total amount	Interest Rate	Cost	Accumulated impairment	Fair value		Note
								Unit price	Total amount	
Ordinary stocks of Clientron Corp.		4,941	$ -	$ -		$ 63,943	$ -	$ 34	$ 166,166	

ACTION ELECTRONICS CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 2

Item	Amount		Note
	Cost	Net Realizable Value	
Finished goods	$ 13	$ 7	Measured at net realizable value
Merchandise	170,894	166,538	Measured at net realizable value
Inventory in transit	14,637	14,637	Measured at net realizable value
Construction in progress	93,785	93,785	Note
	279,329	$ 274,967	
Less：Allowance for valuation loss	(4,362)		
	$ 274,967		

Note: Due to the industry characteristics of construction companies, since it is not easy to determine the market price of the construction in progress, the net realisable value listed in the table is not lower than the cost.

ACTION ELECTRONICS CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 3

Name	Beginning Balance		Investment income (loss)	differences on translation of foreign financial statements	Decrease		Other (Note 2)	Ending Balance		
	Shares	Amount			Shares	Amount (Note 1)		Shares	Percentage of Ownership	Amount
ACTION ASIA LTD.(AAL)	149,511,976	$1,100,037	$ 67,715	($ 14,642)	-	($ 23,041)	$ -	149,511,976	61.54%	$1,130,069
ALMOND GARDEN CORP.(AGC)	14,500,000	827,753	226,225	(46,218)	-	(14,425)	-	14,500,000	100%	993,334
FAR YEAR CONSTRUCTION CO., LTD. (formerly 'ACTION ASIA DEVELOPMENT IND CO., LTD.')	20,000,000	193,345	(6,280)	-	-	-	-	20,000,000	100%	187,065
REALISE TECHSERVICE CO., LTD.	6,000,000	22,209	4,933	-	-	-	1,855	6,000,000	100%	28,997
		$2,143,344	$292,593	($ 60,860)		($ 37,466)	$ 1,855			$2,339,465

Note 1: Decrease for the year pertains to the receipt of cash dividends.
Note 2: Others pertain to remeasurements of defined benefit plans of the subsidiaries accounted for using the equity method.

ACTION ELECTRONICS CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 4

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral
Unsecured borrowings	Taishin International Bank	$ 20,000	2021/12/17~2022/1/17	1.33%	$ 40,000	None
Unsecured borrowings	Cathay United Bank	20,000	2021/12/27~2022/6/25	1.30%	30,000	None
Unsecured borrowings	Chang Hwa Commercial Bank, Ltd.	57,963	2021/10/7~2022/6/24	1.22%~1.42%	180,000	None
Secured borrowings	Mega International Commercial Bank	80,000	2021/12/30~2022/6/28	1.35%	175,000	Yes
Secured borrowings	Hua Nan Bank	60,000	2021/10/19~2022/02/25	1.30%	100,000	Yes
Secured borrowings	Chang Hwa Commercial Bank, Ltd.	75,000	2021/12/27~2022/01/05	1.45%	105,000	Yes
		$ 312,963				

ACTION ELECTRONICS CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 5

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
First Commercial Bank	Medium and long-term borrowings	$ 160,000	2021/06/24~2024/06/24	1.65%	Collateral	Refer to Note 8

ACTION ELECTRONICS CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Volume	Amount	Note
Air conditioner	22,356 units	$ 235,958	
Washing Machine and dryer	17,831 units	131,178	
Television	17,844 units	108,777	
Freezer and refrigerator	12,533 units	101,595	
Small appliances	24,549 units	28,128	
Kitchen appliances	14,549 units	17,639	
Others		1,917	
		625,192	
Less: Sales returns		(4,284)	
Less: Sales discounts and allowances		(79,787)	
		(84,071)	
Net operating revenue		541,121	
Other operating revenue		30,417	
		$ 571,538	

ACTION ELECTRONICS CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 7

Item	Amount
Beginning raw materials	$ -
Add: Raw materials purchased	2,084
Less: Ending raw materials	-
Cost of raw material sold	2,084
Beginning merchandise	158,830
Add: Net purchase for the year	463,563
Less: Ending merchandise	(185,531)
Transferred to expenses	(14,215)
Others	(11)
Cost of merchandise sales	422,636
Beginning finished goods	124
Add: Net purchase for the year	-
Less: Ending finished goods	(13)
Cost of goods sold from manufacturing	111
Cost of goods sold	424,831
Loss on inventory valuation	1,220
Other operating costs	44,410
	$ 470,461

ACTION ELECTRONICS CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 8

Item	Description	Amount	Note
Wages and salaries		$ 26,620	
Advertisement expense		17,797	
Freight		15,644	
Rent expense		13,777	
Insurance expense		3,985	
Other expenses		10,719	None of the balances of each remaining item is greater than 5% of this account balance
		$ 88,542	

ACTION ELECTRONICS CO., LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Description	Amount	Note
Wages and salaries		$ 48,367	
Service expenses		11,184	
Depreciation expenses		9,058	
Amortization expenses		5,780	
Other expenses		12,505	None of the balances of each remaining item is greater than 5% of this account balance
		$ 86,894	

ACTION ELECTRONICS CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 10

Function / Nature	Year ended December 31, 2021			Year ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 5	$ 61,259	$ 61,264	$ -	$ 46,033	$ 46,033
Labour and health insurance fees	-	5,041	5,041	-	3,764	3,764
Pension costs	-	2,424	2,424	-	2,042	2,042
Directors' remuneration	-	11,302	11,302	-	2,272	2,272
Other personnel expenses	3	3,326	3,329	-	2,845	2,845
Depreciation Expense	1,344	9,142	10,486	1,344	7,762	9,106
Amortisation Expense	-	6,595	6,595	-	6,211	6,211

Note:

1. As at December 31, 2021 and 2020, the Company had 64 and 58 employees,including both 6 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(1) Average employee benefit expense in current year 1,242 (in dollars).
Average employee benefit expense in previous year 1,052 (in dollars).

(2) Average employees salaries in current year 861 (in dollars).
Average employees salaries in previous year 842 (in dollars).

(3) Adjustments of average employees salaries 5%.

(4) The Company has established an audit committee in lieu of a supervisor and there is not applicable to disclosure the information of supervisors' remuneration.

ACTION ELECTRONICS CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 10

(5) The Company's compensation policies:

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 performanceand 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.