



Action Electronics Co.,LTD.

Handbook for the 2023 Annual Meeting of Shareholders

English Translation

Time of Meeting: 9:00 am on June 26 (Monday) ,2023

**Location of Meeting:: 2F., No. 7, Wenxin St., Luzhu Dist., Taoyuan City
(Physical Shareholders Meeting)**

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

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Action Electronics Co., LTD.
Procedure for the 2023 Annual Meeting of Shareholders

- 1. Report of Number of Shares Represented by Attendees**
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- 10. Adjournment**

Action Electronics Co., LTD.

Agenda of 2023 Annual Meeting of Shareholders

Time of Meeting: 9:00 am on June 26 (Monday) ,2023

**Location of Meeting:: 2F., No. 7, Wenxin St., Luzhu Dist., Taoyuan City
(Physical Shareholders Meeting)**

I 、 Report items:

- (1) 2022 Business reports.
- (2) Audit Committee's report for 2022 audited financial reports.
- (3) 2022 distributable compensation for employees and directors.
- (4) Total endorsements/guarantees provided by the Company.

2、 Ratification items

- (1) 2022 Company's business reports and financial statements.
- (2) 2022 Earning Distribution of Proposal.

3、 Discussion items

- (1)To amend the Articles of Incorporation.
- (2)To amend the rules for election of directors.
- (3)To amend the Procedures for Acquisition or Disposal of Assets.

4、 Election items

- (1)Re-elections of every director and independent director of the board.

5、 other matter.

- (1)Discussion to approve the lifting of non-competition restrictions for Directors.

6、 Questions and Motions.

7、 Adjournment

I 、 Report Items:

(1) Reports for Business status in 2022 and Business Plan in 2023

2022 Business Report

Dear shareholders:

We extend our sincere appreciation to all the shareholders who attended our 2023 Annual Shareholders' Meeting and for your unwavering support and encouragement throughout the years.

Looking back on 2022, our company experienced a slight 3% decrease in revenue compared to the previous year due to various challenges such as the Russo-Ukraine war, inflation, and rising interest rates. The home appliance market was impacted by factors such as the gradual easing of travel restrictions and inflationary pressures, leading to a minor decline. In the automotive electronics sector, although we achieved growth in securing new customer orders, the global economy was affected by the Russo-Ukraine war, inflation, and interest rate adjustments, resulting in a slight downturn. Our logistics and warehousing operations in Shanghai remained stable with an impressive occupancy rate of over 90%. However, there was a slight decrease in 2022 due to the impact of China's preventive epidemic lockdown measures. "Action Intelligence Science and Technology Park" is actively pursuing its goals, incorporating intelligent and sustainable architectural practices, and working towards establishing flagship buildings for the industrial park in Zhongli.

Smart home appliances, ESG and digital transformation are the most important trends for future development. Building energy-efficient, intelligent, and healthier products to provide consumers with more convenience and experiences is the direction of our continuous efforts. In order to enhance our competitive advantage, Action Electric has invested significant resources in upgrading home appliances. Users can easily control them remotely through mobile apps such as phones and tablets, aiming to provide consumers with a more convenient life. Additionally, the research and development of automotive audio-visual systems and the activation of land assets have been strengthened, allowing the company to grow steadily and positively in the face of the ever-changing external environment, with the aim of returning the support of shareholders. The management results of 2022 and prospects for 2023 are reported as follows:

I 、 2022 Group Business Report

1. Operating income and expenditure and the implementation results of business plan:

The consolidated net operating income for the group was NT\$1,486,401,000 in 2022, which represents a 3% decrease compared to NT\$1,535,992,000 in 2021. The consolidated operating net profit was NT\$54,791,000, and net profit after tax was NT\$91,774,000.

Consolidated P&L Statement

Unit: In NTD Thousand

Item	2022	2021
Operating revenues	1,486,401	1,535,992
Operating costs	1,095,637	1,191,520
Gross profit	390,764	344,472
Operating expenses	335,973	329,130
Net operating income (loss)	54,791	15,342
Income before tax	109,012	59,217
Income after tax	91,774	209,601
Net income attributable to shareholders of the parent	91,774	208,540

2. Financial Structure Ratio Analysis

項 目		2022	2021
Capital Structure Analysis(%)	Debt Ratio (%)	38.79%	34.98%
	Long-term funds to Fixed Assets(%)	1,922.28%	2,073.77%
Liquidity Analysis	Current Ratio (%)	156.53%	224.11%
	Quick Ratio (%)	74.75%	145.01%
	Interest Coverage (times)	11.05	7.80
Return on Investment Analysis (%)	Return on Total Assets (%)	2.24%	5.37%
	Return on Total Equity (%)	3.24%	7.69%
	Operating profit to capital (%)	1.98%	0.51%
	Net profit before tax to capital (%)	3.93%	2.14%
	Net Profit to Sales (%)	6.17%	13.65%
	EPS (NT\$)	0.33	0.75

II、 2023 Business Plan

1. Strategic guidelines and business strategies:

- (1) Profitability: improve and create. Evaluate nine index of operating performance on a monthly assist to achieve the target of return on capital and the four-satisfying missions.
- (2) Structure adjustment: emphasis on “professional, simple, and profitable” and build up core competitiveness. Integrate group resources and provide priority to those with SMART strategy.
- (3) Activation of assets: the integration of existing tangible (intangible) assets, Cooperative development, creating value, and sharing benefits.

(4) Stock price rationalization: starting from the fundamentals, make the stock price at least reach the net value per share, and benefit the interests of shareholders.

2. Products and business: The main businesses of the Company and its subsidiaries include sales, maintenance, installation, and servicing of electrical home appliances; the manufacturing, processing, and trading of automotive electronic products; warehousing and logistics services; as well as real estate sales and leasing. The operation is divided into three business systems, and the product development and market development strategies are described as follows:

(1) Brand Management and Service Business Operation System: The product development strategy aims to provide consumers with reliable and affordable products and services for a healthy and simple life. Intelligent technology is applied to improve the usability of products and enhance the timeliness of customer service (intelligent ecosystem). The marketing strategy continues to focus on "Discovering and enjoying the beauty of Taiwan," utilizing products, logistics, and after-sales services to enhance brand value and customer loyalty. The focus is on improving customer satisfaction with after-sales service and logistics to enhance the overall effectiveness of quality and service.

(2) Automotive Electronics Manufacturing Business System: The product development strategy targets different usage environments and aims to provide users with the best audio-visual experience in in-vehicle products. New products are developed to adapt to different technological advancements and the preferences of different generations of in-vehicle product users. The market development focuses on core competencies, dedicating efforts to serving tuner manufacturers in North America and the Middle East, cultivating passionate and trustworthy bilateral relationships, and providing products of stable quality and high reliability. Continuous efforts are made to enhance research and development capabilities, develop new products, and deepen long-term cooperative relationships with existing customers to increase order volumes.

(3) Asset Activation Business System: The Shanghai subsidiary provides international-standard warehouse facilities and high-quality environments, achieving a high rental rate and stable profitability for the group. The former location of the Action Group headquarters is being planned for the construction of two new state-of-the-art factory-office buildings, creating a renowned technology forest park and smart green architecture. This initiative aims to establish a high-quality brand image for subsidiary companies and contribute to the expected growth momentum of the overall operation.

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

1. Brand Management: Continuously provide customers with reliable and affordable products and services, utilizing intelligent technology to make products more user-friendly and services more immediate, thereby enhancing the quality of life. Through product offerings, logistics, and after-sales services, customers will have a better experience. In terms of products, the integration of

hardware and cloud connectivity will establish a smart home appliance ecosystem, enabling home appliances to fully embrace the era of intelligence and energy efficiency, bringing convenience, comfort, and health benefits to people's lives.

2. **Automotive Electronics:** With the increasing popularity of recreational vehicles and yachts for travel and leisure, we will deepen our research and development efforts and strengthen collaboration with existing customers. Our goal is to provide optimal manufacturing and development support. With production bases in China and Southeast Asia, we can mitigate the impact of factors such as the COVID-19 pandemic and trade tensions between the US and China. By proactively planning for the next generation of products, we aim to meet the needs of customers in China, Europe, and the United States.
3. **Asset Activation:** The planned "Action intelligence Science and Technology Park" in Zhongli, Taoyuan, will be the first world-class innovative 5G technology park. Efforts are being made to obtain dual certification as a smart green building for industrial and commercial offices. Distinguished from traditional construction companies, we are designing and constructing a new "Smart Green Building" that aligns closely with the requirements of emerging next-generation technology industries. This will create an international-level new facade and serve as a landmark and architectural symbol in the region.
4. **Digital Transformation and ESG Implementation:** We will continuously optimize our information systems and digitize processes to improve efficiency. Furthermore, we will strengthen our commitment to environmental protection, social responsibility, and corporate governance norms.
5. Looking ahead, we remain dedicated to integrating resources across the three major business systems of the Group. We will strengthen our operational capabilities and enhance our brand competitiveness. In terms of management, we value the recruitment and development of talent, continuously foster the corporate culture and values of the Group, and implement the sustainable operation of the enterprise.

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

1. **External Environment:** Despite the rapid changes in the environment and the impact of unfavorable factors, such as the Russian-Ukrainian war, inflation, and rising interest rates, the company adheres to the "specialized, simplified, and profitable" business strategy. We focus on operating organizations related to our core industry, streamlining our operations, strengthening agility to meet market demands, utilizing specialization and simplicity, and concentrating resources on favorable markets and existing customers to create value and pursue profitability.
2. **Regulatory Environment:** In response to the government's consumer stimulus policies, we offer high-quality products at discounted prices to increase consumer willingness to purchase and stimulate domestic economic consumption. We align with government industrial policies and

support the three-dimensional development plan for industrial zones. The establishment of the Zhongli Action intelligence Science and Technology Park serves as a transformation demonstration and landmark for the Zhongli Industrial Zone. Additionally, we emphasize environmental protection, social responsibility, and corporate governance.

3. Overall Business Environment:

- (1) Despite the economic slowdown caused by factors such as the Russian-Ukrainian war, inflation, and rising interest rates, the company continues to accept challenges and actively confront them, striving to achieve annual business goals. We promote digital transformation, develop new products, and deepen customer relationships to deliver strong performance.
- (2) Our three major operational focuses are the home appliance industry under the Kolin brand, automotive electronics, and asset activation. In the home appliance industry, we provide consumers with simple, user-friendly, and enjoyable products. With our experience in OEM collaboration with major international manufacturers and the presence of production bases in Malaysia, our automotive electronics products have a niche market with a longer product cycle, giving us a competitive advantage amid ongoing trade tensions between China and the US. We continue to activate assets, including the establishment of modern warehousing services in Shanghai, ownership of land in the Shenzhen Greater Bay Area near the airport, and the development of the Zhongli headquarters into the Action intelligence Science and Technology Park.

President: Peng Ting-Yu

Manager: Peng Ting-Yu

Chief Accountant :May Huang

(2) 2022 Audit Report of Audit committee

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report Financial Statement, and proposal for allocation of earnings. The Financial Statements has been duly reviewed and approved PricewaterhouseCoopers, Taiwan. Lin Ya-hui and Wu Han-chi with the issuance of auditor's Report. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee. Per the regulation in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To:

2023 General Shareholders' Meeting of Action Electronics CO., LTD

Convenor of Audit Committee: Tang Peng Chin

Date: March 14,2023

(3) Report of Distribution on Employee Bonus and Remuneration to Directors in 2022

Explanation:

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

(1) Employees bonus is NT\$4,647,846.

(2) Remuneration to directors is NT\$3,718,277.

2. Employee Bonus and Remuneration to directors will be distributed by cash.

(4) Report on the endorsements/Guarantees

In NT\$ thousand

Endorsements/ Guarantees	Party being endorsed/guaranteed		Limit on endorsement amount provided to each guaranteed party	Maximum balance for the period	Percentage of accumulated guarantee amount to net assets value per latest financial statements
	Company name	Relationship with the endorser/ Guarantor			
Action Electronics CO., LTD	Far Year Construction CO., LTD	Subsidiary	2,200,000	2,200,000	77.73
Action Electronics CO., LTD	Action Asia (SZ) Co., Ltd	Subsidiary reinvestment company	45,000	0	0.00
Action ASIA Limited.	Action Industries (M) SDN. BHD.	Subsidiary reinvestment company	84,869	82,287	2.91
Action Asia (SZ) Co., Ltd	Dede Technology (SHENZHEN) CO., LTD.	Associate	324,432	317,376	11.21

II、Ratification items:

Proposal 1 : 2022 Business Report and Financial Statements
(Proposed by Board of Directors)

Explanation:

- (1) Action Company's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Lin Ya-hui and Wu Han-Chi of PricewaterhouseCoopers Taiwan. Also Business Report and Final Statements have been approved by the Board and examined by the supervisors of Action Company.
- (2) The 2022 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, pp. [26-53].

Resolution:

Proposal 2 : 2022 Earning Distribution Proposal (Proposed by Board of Directors)

Explanation:

- (1)The Board has adopted a Proposal for Distribution of 2022 Profits in accordance with the Company Act and Articles of Incorporation. Please refer to the 2022 Profit Distribution Table below.

Action Electronics CO.,LTD

Profit Distribution Table

Year 2022

(Unit: In NT \$)

Items	Amount	Remarks
Beginning retained earnings	\$ 107,846,433	
Add: Other comprehensive gains and losses(Determine the actuarial profit and loss of the benefit plan)	2,812,944	
Net profit after tax	91,773,722	
Earnings available for distribution	94,586,666	
Less: 10% legal reserve	-9,458,667	
Special reserves	-124,477,502	
Distributable net profit	68,496,930	
Distributable items:		
Dividend to shareholders	-60,974,649	
Unappropriated retained earnings	\$ 7,522,281	

- (2)The Company proposed to distribute Cash dividends of NT\$0.22 Per share for 2022 which amounted to NT\$ 60,974,649 in total

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

Resolution:

III、 Discussion items:

Cause of action(1): To amend the Articles of Incorporation.

Explanation:

- 1.In accordance with laws and regulations and to meet practical needs, it is proposed to amend some provisions of the company's "Articles of Association"..
- 2.A comparison table of the amended provisions is available for examination.

Article No.	Amended Articles	Current Articles	Amendment Explanation
Article 2	The Company established its head office in <u>Taoyuan City</u> , and may establish domestic and foreign branches when necessary by resolution of the Board of Directors.	The Company established its head office in Taoyuan City, <u>Taiwan Province</u> and may establish domestic and foreign branches when necessary by resolution of the Board of Directors.	Province was abolished on December 21, 1998.
Article 3	The Company's business operations are as follows: (omitted) 8.CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing 14. E701010 Telecommunications engineering <u>41. I103060 Management consulting</u> <u>42. H703090 Real estate Business</u>	The Company's business operations are as follows:(omitted) 8. CC0110 <u>1</u> Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing 14. E701010 Communication Engineering <u>41.</u> F401021 Import of telecom control radio frequency equipment <u>42.</u> I103060 Management consulting	To coordinate with the revision of the code list of business items and to meet the requirements of the Company's business.

Article No.	Amended Articles	Current Articles	Amendment Explanation
	<p><u>43. H703100 Real estate leasing</u> <u>44 IG03010 Energy Technology Services</u> 45. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p><u>43. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</u></p>	
Article 5	<p>The <u>amount</u> of the Company's <u>outward investment may not be limited by the provisions of Article 13 of the Company Act.</u></p>	<p><u>The ratio of the total amount of the Company's reinvestment to the paid-in capital may not be restricted, but each case of reinvestment must be submitted to the Board of Directors for resolution.</u></p>	Made some textural amendments
Article 6	<p>The announcement of the Company <u>must be made in accordance with Article 28 of the Company Act.</u></p>	<p>The announcement of the Company <u>shall be published in a prominent part of the daily newspaper of the municipality or county where the Company is located, except as otherwise provided by the security's regulatory authority.</u></p>	In accordance with the amendment to the Company Act in 2018, the Company's announcement shall be made in accordance with Article 28 of the Company Act.
Article 8	<p>The Company's share certificates shall be in registered form, <u>and the shares issued shall be exempted from printing and shall be registered with the centralized securities depository</u></p>	<p>The Company's share certificates shall be in registered form, <u>signed or sealed by three or more directors, and shall be issued by the competent authority or its approved issuing registrar.</u> The shares issued by <u>the Company</u> may be issued without printing a share certificate and shall be registered with the centralized securities depository.</p>	Made some textural amendments

Article No.	Amended Articles	Current Articles	Amendment Explanation
Article 11	<p>Unless otherwise provided in the Company Act, a shareholders' meeting shall be convened by the Board of Directors.</p> <p>There are two types of shareholders' meetings as follows</p> <p>(1) Regular shareholders' meeting: The meeting shall be convened at least once a year.</p> <p>(2) Interim meeting of shareholders: To be convened when necessary.</p> <p>The preceding ordinary shareholders' meeting shall be held within six months after the end of each fiscal year.</p> <p>The aforementioned meeting shall be held within six months after the end of each fiscal year.</p> <p><u>For shareholders holding less than one thousand registered shares after the Company's public offering, notice of such a meeting may be given by public announcement.</u></p>	<p>Unless otherwise provided in the Company Act, a shareholders' meeting shall be convened by the Board of Directors.</p> <p>There are two types of shareholders' meetings as follows</p> <p>(1) Regular shareholders' meeting: The meeting shall be convened at least once a year.</p> <p>(2) Interim meeting of shareholders: To be convened when necessary.</p> <p>The preceding ordinary shareholders' meeting shall be held within six months after the end of each fiscal year. If the meeting is held more than six months after the end of the fiscal year, it must be approved by the competent authority under the Company Act.</p>	<p>In accordance with Article 26-2 of the Securities and Exchange Act, if the number of shares is less than one thousand (1,000), the notice of the preceding call shall be made by public announcement.</p>
Article 15	<p>The Company shall have eleven directors for a term of three years, who shall be re-elected by the shareholders' meeting for a term of three years and who are capable of acting.</p> <p>The number of shares held by all directors in the preceding paragraph shall not be less than the percentage prescribed by the competent securities authorities.</p> <p>The number of independent directors in the first paragraph shall not be less than three and shall not be less than one-fifth</p>	<p>The Company shall have eleven directors for a term of three years, who shall be re-elected by the shareholders' meeting for a term of three years and who are capable of acting.</p> <p>The number of shares held by all directors in the percentage prescribed by the competent securities authorities.</p>	<p>Made some textural amendments</p>

Article No.	Amended Articles	Current Articles	Amendment Explanation
	<p>of the number of directorships, and the professional qualifications, shareholdings, restrictions on part-time employment, nomination and election of independent directors and other matters to be complied with shall be in accordance with the relevant regulations of the competent securities authorities. The Company shall comply with the relevant regulations of the competent securities authorities. The election of directors is conducted in accordance with Article 192-1 of the Company Act, <u>and the shareholders shall elect the candidates from the list of candidates. The acceptance of the nomination of candidates for directors and the announcement of such matters shall be handled in accordance with the provisions of the Company Act, the Securities and Exchange Act and other relevant laws and regulations.</u></p>	<p>In the first paragraph, the number of independent directors shall not be less than three and not less than one-fifth of the number of directors. The professional qualifications, shareholdings, restrictions on part-time employment, nomination and election of independent directors and other matters to be followed shall be in accordance with the relevant regulations of the competent securities authorities. In accordance with Article 192-1 of the Company Act, the Company shall adopt a candidate nomination system for the election of directors, <u>and the shareholders' meeting shall elect the directors and independent directors from the list of candidates.</u></p>	
Article 19	<p><u>The Board of Directors may meet by video conference. A director who participates in a</u> <u>The Board of Directors may meet by video conference. A director who participates in a meeting by video is considered to be present in person.</u> If a director is unable to attend a board meeting for any reason, he/she may appoint another director to attend the meeting by proxy, provided that the former proxy is limited to one person.</p>	<p>If a director is unable to attend a board meeting for any reason, he/she may appoint another director to attend the meeting by proxy, provided that the former proxy is limited to one person</p>	<p>In accordance with the provisions of Article 205 of the Company Act, the preceding paragraph of the video conference is amended.</p>

Article No.	Amended Articles	Current Articles	Amendment Explanation
Article 21	<p>The Board of Directors shall have the following powers and duties:</p> <p>(1) To formulate business policies and plans.</p> <p>(2) To prepare capital increase or decrease.</p> <p>(3) To prepare for the distribution of earnings.</p> <p>(4) <u>Except for matters required by the Company Act or the Company's Articles of Incorporation to be resolved by the shareholders' meeting, the Board of Directors shall resolve such matters.</u></p>	<p>The Board of Directors shall have the following powers and duties:</p> <p>(1) To formulate business policies and plans.</p> <p>(2) To prepare capital increase or decrease.</p> <p>(3) To prepare the appropriation of earnings.</p> <p>(4) Other statutory and shareholders' powers and functions.</p>	In accordance with Article 202 of the Company Act, some textual amendments were made.
Article 23	<p>The Company shall establish an audit committee in accordance with <u>Article 14-4 of the Securities and Exchange Act, which shall consist of all independent directors, no fewer than three of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.</u></p> <p>The Audit Committee shall perform the functions and powers that should be exercised by supervisors as prescribed by the Company Act, Securities and Exchange Act, and other laws or regulations.</p>	<p>In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee consisting of all independent directors. The Audit Committee is composed of all independent directors and is responsible for the exercise of the duties and responsibilities of the supervisors under the Company Act, the Securities and Exchange Act and other laws.</p> <p>The Audit Committee shall perform the duties and powers required by the Company Act, the Securities and Exchange Act and other laws.</p> <p><u>The composition, terms of reference, rules of procedure and other matters to be followed by the Audit Committee shall be in accordance with the regulations of the competent securities authorities.</u></p>	<p>1. Amend the original 14-4 to Article 14quater and add the word - "should" at the end to comply with the regulations.</p> <p>2. Made some textual amendments</p>

Article No.	Amended Articles	Current Articles	Amendment Explanation
Article 27	At the end of each fiscal year, the Board of Directors shall prepare a report on operations, financial statements, and proposals for distribution of earnings or appropriation of losses and submit them to the Audit Committee for examination <u>30 days prior to the regular shareholders' meeting,</u> and the Audit Committee shall <u>issue a report and submit it to the regular shareholders' meeting for recognition in accordance with the law.</u>	At the end of each fiscal year, the Board of Directors shall prepare a report of operations, financial statements, and a proposal for the distribution of earnings or the appropriation of losses and submit them to the shareholders at the annual general meeting for recognition in accordance with the law.	According to the current law, make textual amendments.
Article 29	If the Company makes a profit in a year (profit means profit before taxation before employee compensation and director's compensation are distributed), the Company shall contribute not less than 1% of employee compensation and not more than 3% of director's compensation; independent directors shall not participate in the distribution. However, if the Company still has accumulated losses, it should reserve the amount of compensation in advance and then allocate employee compensation and director compensation in <u>accordance With the aforementioned percentages.</u> The aforementioned employee compensation may be paid in stock or cash to employees of the Company who meet the criteria set by the Board of Directors.	If the Company makes a profit in the year (profit is defined as profit before taxation before the distribution of employee compensation and director's compensation), not less than 5% of employee compensation and not more than 4% of director's compensation shall be appropriated; independent directors shall not participate in the distribution. However, if the Company still has accumulated losses, the amount of compensation should be reserved in advance.	<ol style="list-style-type: none"> 1. To change the percentage of employees' remuneration from not less than 5% to 1%. 2. To change the amount of not less than 4% of the remuneration of directors to 3%

Article No.	Amended Articles	Current Articles	Amendment Explanation
	<p>The former remuneration to directors may be paid in cash only.</p> <p>The first two items shall be resolved by the Board of Directors and reported to the shareholders' meeting.</p> <p>If there is any after-tax profit in the Company's annual final accounts, the Company shall first make up the accumulated deficit and set aside 10% of the legal reserve in accordance with the law; except when the accumulated legal reserve has reached the Company's total paid-in capital. After the special reserve is appropriated or reversed in accordance with the laws and regulations or the competent authorities, the Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders, together with the undistributed earnings at the beginning of the period.</p>	<p>The aforementioned employee compensation may be in the form of stock or cash and may be paid to subordinate employees who meet the criteria set by the Board of Directors.</p> <p>The Board of Directors may pay compensation to employees of the Company who meet the criteria set by the Board of Directors. The aforementioned remuneration of directors may be paid in cash only. The first two items shall be resolved by the Board of Directors and reported to the shareholders' meeting.</p> <p>If the Company's annual final accounts include after-tax net income for the period, the Company shall first make up the accumulated deficit and set aside 10% of the legal reserve in accordance with the law, except when the accumulated legal reserve has reached the Company's total paid-in capital. After the special reserve is appropriated or reversed in accordance with the laws and regulations or the competent authorities, the Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders, together with the undistributed earnings at the beginning of the period.</p>	<p>3. The fucks are revised.</p>

Article No.	Amended Articles	Current Articles	Amendment Explanation
Article 30	The Company shall transfer the <u>repurchased shares of the Company</u> to the employees at a price lower than the average price of the shares actually repurchased. In accordance with Article 10-1 of the " <u>Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies</u> ", the Company shall transfer the repurchased shares to its employees at a price lower than the average price of the shares actually repurchased, subject to the approval of at least two-thirds of the shareholders present <u>at the most recent shareholders' meeting</u> representing a majority of the total number of outstanding shares. The transfer shall be <u>made</u> with the consent of at least two-thirds of the shareholders present at the latest shareholders' meeting representing a majority of the total number of outstanding shares.	The Company may transfer shares to employees at a price less than the average price of the shares actually repurchased by the Company at a <u>shareholders' meeting</u> attended by shareholders representing a majority of the total number of outstanding shares <u>and</u> with the approval of at least two-thirds of the votes of the shareholders present.	Edited the text to make the legal source basis and text expression more fluently.
Article 33	(Omitted) Fortieth Amendment on June 26, 2023.	(Omitted) Thirty-ninth amendment on June 17, 2016.	
Use of seal	Small Seal: Peng, Ting-Yu	Small Seal: Peng, Chun-Ping	

Resolution:

Cause of action (2)To amend the rules for election of directors

Explanation:

1. In accordance with laws and regulations and to meet practical needs, it is proposed to revise some provisions of the company's "director election method"
- 2.A comparison table of the amended provisions is available for examination.

Article No.	Amended Articles	Current Articles	Amendment Explanation
Article 1	<u>Unless otherwise provided by law or the Articles of Incorporation</u> , the election of directors of the Company shall be in accordance with the provisions of these Regulations.	The election of directors of the Company shall be conducted in accordance with the provisions of these Regulations.	In accordance with the "Procedures for Election of Directors" issued by the competent authority and revised in accordance with the practice.
Article 5	The Company <u>shall adopt a cumulative voting system</u> for the election of directors. Each share shall have the same number of votes as the number of directors to be elected, and may elect one person centrally or allocate the election of several persons.	The Company shall elect its directors <u>by the cumulative method of election</u> by secret ballot. Each share shall have the same number of voting rights as the number of directors to be elected <u>in accordance with the law</u> , and may elect one person centrally or several persons <u>separately</u> .	In accordance with the "Procedures for Election of Directors" issued by the competent authority and revised in accordance with the practice.
Article 7	The Board of Directors <u>shall prepare an election ballot with the same number of directors as the number of directors to be elected, fill in the number of rights, and distribute it to the shareholders attending the shareholders' meeting. The name of the elector may be substituted by the attendance card number printed on the election ballot.</u>	The Board of Directors shall prepare an election ballot, numbered <u>by attendance card number or account number</u> and filled in with its election rights.	In accordance with the "Procedures for Election of Directors" issued by the competent authority and revised in accordance with the practice.
Article 10	Delete	<u>If the electee is a shareholder, the elector shall state the name of the electee and the shareholder's account number in the "Elected" column of the election ballot; if the elector is not a shareholder, he/she shall state the number of the electee and his/her</u>	In line with the listed company's adoption of the nomination system for the election of directors

Article No.	Amended Articles	Current Articles	Amendment Explanation
		<u>identification document. However, if the government or a corporate shareholder is the elector, the name of the government or corporate shall be included in the "Elected" column of the election ballot, and the name of the government or corporate and the name of its representative may also be included. If there are several representatives, the names of the representatives shall be added separately.</u>	starting from 2021, this article is not applicable to the shareholders' election of directors from the nomination list and is deleted.
Article 11	<p>The election ballot is invalid in one of the following circumstances:</p> <p>(1) <u>The election ballot prepared by the person with the right to call is not used. The ballot is not used.</u></p> <p>(2) A blank ballot is placed in the ballot box. (2) A blank ballot is placed in the ballot box.</p> <p>(3) The handwriting is illegible or has been altered.</p> <p>(4) <u>The list of candidates for election does not match the list of directors.</u></p> <p>(5) The number of election rights is not filled in. The number of election rights is written in other words.</p>	<p>The ballot is invalid if one of the following circumstances occurs.</p> <p>(1) <u>The ballot is not used in accordance with the provisions of these Regulations.</u></p> <p>(2) Blank ballots are put into the ballot box.</p> <p>(3) The handwriting is blurred and illegible or altered.</p> <p>(4) If the name of the electee is a <u>shareholder, the name and shareholder number of the electee do not match with the shareholder's register; if the name of the electee is not a shareholder, the name and identification number of the electee do not match with the shareholder's register.</u></p>	In accordance with the reference example of "Procedures for Election of Directors" issued by the competent authority and revised in accordance with the practice

Article No.	Amended Articles	Current Articles	Amendment Explanation
		<p>(5) <u>If the name of the electee (name) or the shareholder's account number (identification number) and the number of allocated election rights are written in addition to the name of the electee (name) or the shareholder's account number (identification number).</u></p> <p>(6) <u>The name of the person to be elected is the same as that of other shareholders, but the shareholder account number or identification number is not filled in for identification purposes.</u></p>	
Article 12	Delete	<u>The election shall be ineffective if it does not comply with the provisions of Article 26-3(3)(4) of the Securities and Exchange Act.</u>	This is no longer the case due to the comprehensive candidate nomination system.
Article 13	After the voting is completed, the ballots shall be opened on the spot and the results shall be announced by the chairman <u>or his or her designee, including the list of directors elected and the number of their elected rights. The election ballots for the aforementioned election shall be sealed and signed by the scrutinizer and kept in a safe place for at least one year. However, if a lawsuit is filed by a shareholder in accordance with Article 189 of the Company Act, it shall be kept until the end of the lawsuit.</u>	After the voting is completed, the votes will be opened to the public and the results will be announced by the chairman.	In accordance with the "Procedures for Election of Directors" issued by the competent authority and revised in accordance with the practice.

Article No.	Amended Articles	Current Articles	Amendment Explanation
Article 14	Delete	<u>The Board of Directors of the Company will issue certificates of election to the elected directors and independent directors, respectively.</u>	Article 13 has been stated and deleted in accordance with the practice.
Article 17	This regulation was made on 14 May 1989. The first amendment was made on June 14, 2006. The second amendment was made on June 28, 2012. The third amendment was made on June 24, 2014. The fourth amendment was made on June 26, 2023.		Addition

Resolution:

Cause of action (3) To amend the Procedures for Acquisition or Disposal of Assets

Explanation:

1. In order to meet the needs of business development, it is proposed to revise part of the company's "Procedures for Acquisition or Disposal of Assets".

2. A comparison table of the amended provisions is available for examination.

Article No.	Amended Articles	Current Articles	Amendment Explanation
Article 7	Operating procedures for the appraisal of assets for the acquisition or disposal of real estate, equipment or their right to use, levels of authorization and execution units: 1. Evaluation and operation procedures: Property, equipment or right-of-use assets shall be signed by the original user unit to explain the reasons, and the competent property unit shall assess the current value with reference to the announced current value, the actual transaction price of nearby real property, etc., and set after	Operating procedures for the appraisal of assets for the acquisition or disposal of real estate, equipment or their right to use, levels of authorization and execution units: 1. Evaluation and operation procedures: Property, equipment or right-of-use assets shall be signed by the original user unit to explain the reasons, and the competent property unit shall assess the current value with reference to the announced current value, the actual transaction price of	To meet the operational requirements, thus revising the authorization rights. To meet the operational

Article No.	Amended Articles	Current Articles	Amendment Explanation
	<p>consultation, comparison and bargaining, and in accordance with the provisions of Article 8.</p> <p>2.Authorization Levels and Amounts: For real estate, equipment or right-to-use assets, the authorization shall be approved by the Board of Directors if the authorization exceeds <u>NT\$300 million</u> (inclusive), or approved by the chairman if the authorization is less than <u>NT\$300 million</u>.</p> <p>(omitted below)</p>	<p>nearby real property, etc., and set after consultation, comparison and bargaining, and in accordance with the provisions of Article 8.</p> <p>2.Authorization Levels and Amounts: For real estate, equipment or right-to-use assets, the authorization shall be approved by the chairman of the Board of Directors if the authorization exceeds <u>NT\$300 million</u>, and the authorization shall be approved by the chairman of the Board of Directors if the authorization is less than <u>NT\$30 million</u>.</p> <p>(omitted below)</p>	<p>requirements, thus revising the authorization rights.</p>
Article 9	<p>Related party transaction processing procedures: (omitted)</p> <p>2. Evaluation and operation procedures: (Omitted)</p> <p>(2) Acquisition or disposal of equipment for business use or its right-to-use assets, or acquisition or disposal of real estate right-to-use assets for business use between the Company and its parent company, subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or capital stock. If the amount is less than <u>NT\$300 million</u>, the chairman of the Board of Directors is authorized to approve the decision within a certain amount and submit it to the Board of Directors for ratification afterwards; if the</p>	<p>Related party transaction processing procedures: (omitted)</p> <p>2. Evaluation and operation procedures: (Omitted)</p> <p>(2) The Company and its parent company, subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or capital, shall be authorized to approve the acquisition or disposal of equipment or assets for business use, or the acquisition or disposal of real estate assets for business use, within a certain amount of <u>NT\$30 million</u> or less, and then submit it to the most recent Board of Directors for ratification. If the amount exceeds <u>NT\$30 million</u>, the</p>	<p>In accordance with operational requirements, the authorization authority for inter-relationship transactions for business use is amended.</p>

Article No.	Amended Articles	Current Articles	Amendment Explanation
	amount exceeds <u>NT\$300 million (inclusive)</u> , the decision shall be submitted to the Board of Directors for approval. (omitted below)	decision shall be submitted to the Board of Directors for approval. (omitted below)	

Resolution:

IV、Election items

Cause of action (1) Re-elections of every director and independent director of the board.

Explanation:

1. The current term of directors expires on June 14, 2023, and a comprehensive re-election is planned at the current shareholders' meeting.
2. In accordance with Article 192-1 of the Company Act and Article 15 of the Articles of Association, a "candidate nomination system" is adopted, and shareholders shall select candidates from the list of candidates.
3. There are 11 directors to be elected (including 3 independent directors) this time, and the new directors will take office immediately after the election. From June 26, 2023 to June 25, 2026, the term of office is 3 years and re-elected.
4. List of candidates for directors (including independent directors) (please refer to Appendix 2 on pages 29 to 31 of this brochure).

Resolution:

V、Other Matters

Cause of action (1) Discussion to approve the lifting of non-competition restrictions for Directors.

Explanation:

1. Pursuant to Article 209 of the Company Act, any act of the Director falling within the scope of registered business of the Company for self or a third party shall explain to the Shareholders Meeting the essential content of the acts and request for permission.
2. It is proposed to dismiss the company's new directors and their representatives, and the relevant non-compete regulations shall limit.
3. The situation of the directors and their representative candidates holding positions in other companies and dismissing the competition is as follows:

Tile	name	Serving as directors and managers of other businesses
Director	Peng Ting Yu	Legal person director representative “Clientron Corp”
Director	Liu Chiu-Chi	Chairman of Ying KO Technology., Ltd
Director	Wen Yu Mei	Chairman of You Yuan Lai Investment Ltd. Director of Dede Technology (Shenzen) CO., LTD.
Director	Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai Jin wan	Chairman of S.hin Chuan Yuan Investment Co.,Ltd Director of Dede Technology (S henzen) CO., LTD. Taoyuan City Government Municipal Advisor. Consultant of Taiwan Science Park Science Industry Association.
Independent Director	Tang Peng-Chin	Chairman of TransGlobe capital management Ltd.(TGCM). Independent Director of KINGZA International CO., LTD. Ltd Director of 渴樂園有限公司, a company operating Dante Coffee.
Independent Director	Yen Tzong-Ming	Independent Director Of Machvision INC CO.,LTD
Independent Director	Zhang Zhiyuan	Independent Director Of BRIGHT LED ELECTRONICS CORP.

Resolution:

VI、 Questions and Motions

VII、 Adjournment

Attachment (1)

CTION ELECTRONICS CO., LTD. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT DECEMBER 31, 2022 AND 2021

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.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entities that are required to be included in the consolidated financial statements of affiliates are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

ACTION ELECTRONICS CO., LTD.

Representative: Peng Ting-Yu

March 14 , 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Action Electronics Co., Ltd. and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

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 consolidated financial statements section of our report. We are independent of the Group 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment of property, plant and equipment and investment properties

Description

Refer to Note 4(20) 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 Notes 6(9) and 6(12) for details of property, plant and equipment and investment properties.

The Group's valuation on some overseas property, plant and equipment and investment properties 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 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 Group's 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 the Group's related disclosures.

Intangible assets - impairment of trademark right

Description

Refer to Note 4(20) 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(13) for details of intangible assets - trademark right.

The Group's intangible assets are mainly the Kolin trademark. 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 forecast 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 appraiser 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 – Issuance of an auditors’ report on the parent company only financial reports

We have audited and expressed an unqualified opinion with an other matter section on the parent company only financial statements of Action Electronics Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the

preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control.

- 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Lin, Ya-Hui

Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 14 , 2023

The accompanying consolidated 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 consolidated 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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2022		December 31, 2021			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	729,382	16	\$	666,267	15
1110	Current financial assets at fair value through profit or loss	6(2)		46,687	1		12,002	-
1120	Current financial assets at fair value through other comprehensive income	6(3)		111,765	3		166,166	4
1136	Current financial assets at amortised cost	6(1)		15,354	-		145,090	4
1170	Accounts receivable, net	6(4) and 7		85,359	2		142,137	3
1200	Other receivables	6(5)		1,154	-		12,588	-
1210	Other receivables due from related parties	6(7) and 7		18,856	-		144,860	3
130X	Inventory	6(6)		1,158,059	25		744,308	17
1476	Other current financial assets	6(1)		74,900	2		93,010	2
1479	Other current assets, others			108,078	2		72,079	2
11XX	Total current Assets			2,349,594	51		2,198,507	50
Non-current assets								
1550	Investments accounted for using equity method	6(8) and 8		589,109	13		558,287	13
1600	Property, plant and equipment	6(9) and 8		162,456	4		162,982	4
1755	Right-of-use assets	6(10) and 8		64,142	1		45,679	1
1760	Investment property, net	6(12) and 8		1,123,655	24		1,009,075	23
1780	Intangible assets	6(13)		213,842	5		219,380	5
1840	Deferred income tax assets	6(29)		103,667	2		155,800	4
1900	Other non-current assets	8		17,456	-		11,144	-
15XX	Total non-current assets			2,274,327	49		2,162,347	50
1XXX	Total assets		\$	4,623,921	100	\$	4,360,854	100

(Continued)

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 190,000	4	\$ 394,910	9
2130	Current contract liabilities	6(23)	363,880	8	252,153	6
2170	Accounts payable		159,762	3	99,760	2
2200	Other payables	6(16) and 7	166,900	4	158,900	4
2230	Current income tax liabilities		8,954	-	15,861	
2250	Current provisions	6(17)	28,319	1	26,168	1
2280	Current lease liabilities		22,871	1	15,416	-
2320	Long-term liabilities, current portion	6(15)	546,315	12	-	-
2399	Other current liabilities, others		14,064	-	17,815	1
21XX	Total current Liabilities		1,501,065	33	980,983	23
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(15)	160,000	3	352,821	8
2550	Non-current provisions	6(17)	6,072	-	8,540	-
2570	Deferred tax liabilities	6(29)	59,344	1	116,191	3
2580	Non-current lease liabilities		38,874	1	25,949	-
2600	Other non-current liabilities	7	28,325	1	40,938	1
25XX	Total non-current liabilities		292,615	6	544,439	12
2XXX	Total Liabilities		1,793,680	39	1,525,422	35
Equity						
Equity attributable to owners of parent						
	Share capital	6(19)				
3110	Common stock		2,771,575	60	2,771,575	64
	Capital surplus	6(20)				
3200	Capital surplus		1,602	-	1,602	-
	Retained earnings	6(21)				
3310	Legal reserve		45,893	1	24,671	1
3320	Special reserve		242,116	5	239,553	5
3350	Total unappropriated retained earnings		202,434	4	214,778	5
	Other equity interest	6(22)				
3400	Other equity interest		(433,379)	(9)	(416,747)	(10)
31XX	Equity attributable to owners of the parent		2,830,241	61	2,835,432	65
36XX	Non-controlling interest		-	-	-	-
3XXX	Total equity		2,830,241	61	2,835,432	65
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 4,623,921	100	\$ 4,360,854	100

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

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(23) and 7		\$ 1,486,401	100	\$ 1,535,992	100
5000 Operating costs	6(6)(28)		(1,095,637)	(74)	(1,191,520)	(78)
5900 Net operating margin			390,764	26	344,472	22
Operating expenses	6(28)					
6100 Selling expenses			(119,117)	(8)	(108,640)	(7)
6200 General & administrative expenses			(182,532)	(12)	(183,301)	(12)
6300 Research and development expenses			(26,863)	(2)	(34,438)	(2)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9			(7,461)	-	(2,751)	-
6000 Total operating expenses			(335,973)	(22)	(329,130)	(21)
6900 Operating profit			54,791	4	15,342	1
Non-operating income and expenses						
7100 Interest income	6(24)		6,671	-	2,128	-
7010 Other income	6(25)		24,109	2	23,934	2
7020 Other gains and losses	6(26) and 7		11,350	1	1,862	-
7050 Finance costs	6(27)		(10,848)	(1)	(8,712)	-
7055 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9			-	-	4,320	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(8)		22,939	1	20,343	1
7000 Total non-operating revenue and expenses			54,221	3	43,875	3
7900 Profit (loss) before income tax			109,012	7	59,217	4
7950 Income tax expense (benefit)	6(29)		(17,238)	(1)	(48,373)	(3)
8000 Profit (loss) for the year from continuing operations			91,774	6	10,844	1
8100 Profit (loss) from discontinued operations	6(7)		-	-	198,757	13
8200 Profit (loss) for the year			\$ 91,774	6	\$ 209,601	14

(Continued)

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

		Year ended December 31							
		2022		2021					
Items	Notes	AMOUNT	%	AMOUNT	%				
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(18)							
		\$	3,517	-	\$ 2,697	-			
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)							
		(54,401)	(4)	82,428	5		
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss								
		(703)	-	(540)	-		
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
		(51,587)	(4)	84,585	5		
Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation	6(22)							
			47,211	3	(57,435)	(4)	
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss								
		(9,442)	-		12,173	1		
8360	Components of other comprehensive income that will be reclassified to profit or loss								
			37,769	3	(45,262)	(3)	
8300	Other comprehensive income for the year		(\$	13,818)	(1)	\$	39,323	2
8500	Total comprehensive income for the year		\$	77,956	5	\$	248,924	16	
Profit (loss), attributable to:									
8610	Owners of the parent		\$	91,774	6	\$	208,540	14	
8620	Non-controlling interest			-	-		1,061	-	
			\$	91,774	6	\$	209,601	14	
Comprehensive income attributable to:									
8710	Owners of the parent		\$	77,956	5	\$	244,438	16	
8720	Non-controlling interest			-	-		4,486	-	
			\$	77,956	5	\$	248,924	16	
Earnings per share									
	6(30)								
9710	Basic earnings per share from continuing operations		\$		0.33	\$		0.03	
9720	Basic earnings per share from discontinued operations			-				0.72	
9750	Basic and diluted earnings per share		\$		0.33	\$		0.75	

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

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

<u>2021</u>											
Balance at January 1		\$ 2,771,575	\$ 1,602	\$ 20,301	\$ 204,418	\$ 69,785	(\$ 470,283)	\$ 21,312	\$ 2,618,710	(\$ 4,486)	\$ 2,614,224
Profit for the year		-	-	-	-	208,540	-	-	208,540	1,061	209,601
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	2,157	(48,687)	82,428	35,898	3,425	39,323
Total comprehensive income (loss) for the year		-	-	-	-	210,697	(48,687)	82,428	244,438	4,486	248,924
Appropriation and distribution of 2020 retained earnings:	6(21)										
Legal reserve appropriated		-	-	4,370	-	(4,370)	-	-	-	-	-
Special reserve appropriated		-	-	-	35,135	(35,135)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(27,716)	-	-	(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	\$ -	\$ 2,835,432
<u>2022</u>											
Balance at January 1		\$ 2,771,575	\$ 1,602	\$ 24,671	\$ 239,553	\$ 214,778	(\$ 518,970)	\$ 102,223	\$ 2,835,432	\$ -	\$ 2,835,432
Profit for the year		-	-	-	-	91,774	-	-	91,774	-	91,774
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	2,814	37,769	(54,401)	(13,818)	-	(13,818)
Total comprehensive income (loss) for the year		-	-	-	-	94,588	37,769	(54,401)	77,956	-	77,956
Appropriation and distribution of 2021 retained earnings:	6(21)										
Legal reserve appropriated		-	-	21,222	-	(21,222)	-	-	-	-	-
Special reserve appropriated		-	-	-	2,563	(2,563)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(83,147)	-	-	(83,147)	-	(83,147)
Balance at December 31		\$ 2,771,575	\$ 1,602	\$ 45,893	\$ 242,116	\$ 202,434	(\$ 481,201)	\$ 47,822	\$ 2,830,241	\$ -	\$ 2,830,241

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

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		\$ 109,012	\$ 59,217
Profit from discontinued operations before tax		-	198,757
Profit before tax		109,012	257,974
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(28)	65,967	56,955
Amortisation	6(28)	9,311	7,649
Expected credit losses (gain)		7,461 (	1,569)
Loss (Gains) on financial assets at fair value through profit or loss	6(26)	1,131 (	109)
Interest expense	6(27)	10,848	8,712
Interest income	6(24)	(6,671 ) (	2,128)
Dividend income	6(25)	(6,423 ) (	5,929)
Share of profit of associates accounted for using the equity method	6(8)		
		(22,939 ) (	20,343)
Gain on disposal of non-current assets classified as held for sale	6(26)	-	(204,940)
Loss on disposal of property, plant and equipment	6(26)	1,205	249
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss	6(2)	(44,090 ) (	9,000)
Accounts receivable		57,494 (	26,298)
Other receivables		19,658	7,145
Inventories		(352,384 ) (	279,762)
Other current financial assets		18,110 (	93,010)
Other current assets		(35,180)	18,909
Changes in operating liabilities			
Contract liabilities		106,931	230,751
Accounts payable		(3,510 ) (	12,173)
Other payables		(4,696)	27,941
Provisions		(2,533)	8,891
Other current liabilities		(3,782 ) (	19,566)
Net defined benefit liability		(14,819 ) (	11,291)
Cash outflow generated from operations		(89,899 ) (	60,942)
Interest received		6,671	2,128
Dividends received		6,423	5,929
Interest paid		(10,848 ) (	8,712)
Income taxes paid		(30,230 ) (	13,550)
Net cash flows used in operating activities		(117,883)	(75,147)

(Continued)

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Year ended December 31</u>	
		<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	\$ 8,274	\$ 3,574
Decrease in financial assets at amortised cost		129,736	(19,166)
Acquisition of property, plant and equipment	6(9)	(11,048)	(6,573)
Acquisition of investment property	6(12)	(125,935)	(60,144)
Acquisition of intangible assets	6(13)	(950)	(642)
Proceeds from disposal of property, plant and equipment		(147)	39
Increase in other non-current assets		(2,823)	(1,715)
Increase in refundable deposits		(1,569)	(773)
Proceeds from disposal of non-current assets classified as held for sale	6(31)	130,674	114,289
Net cash flows from investing activities		<u>126,212</u>	<u>28,889</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in long-term borrowings	6(32)	353,494	352,821
Decrease in short-term borrowings	6(32)	(203,156)	(132,359)
Payments of lease liabilities	6(32)	(27,750)	(18,772)
Increase in deposits received		1,608	161
Cash dividends paid	6(21)	(83,147)	(27,716)
Net cash flows from financing activities		<u>41,049</u>	<u>174,135</u>
Effect of exchange rate changes		<u>13,737</u>	<u>3,220</u>
Net increase in cash and cash equivalents		63,115	131,097
Cash and cash equivalents at beginning of year		666,267	535,170
Cash and cash equivalents at end of year		<u>\$ 729,382</u>	<u>\$ 666,267</u>

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

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021

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.

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, 2022 and 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, 2022 and 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 2022 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 2022 parent company only financial statements are stated as follows:

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 4 years, and the assumptions applied in the preparation of the forecast 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 appraiser 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.

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 14,2023

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, 2022 AND 2021

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

Assets			December 31, 2022		December 31, 2021	
Notes			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 180,894	5	\$ 46,716	1
1110	Current financial assets at fair value	6(2)				
	through profit or loss		-	-	4,004	-
1120	Current financial assets at fair value	6(3)				
	through other comprehensive					
	income		111,765	3	166,166	5
1136	Current financial assets at amortised	6(1) and 8				
	cost		-	-	77,504	2
1180	Accounts receivable, net	6(4) and 7	54,280	2	87,530	2
1200	Other receivables	6(5) and 7	20,467	1	30,326	1
130X	Current inventories	6(6) and 8	273,254	8	274,967	8
1470	Other current assets		9,151	-	18,603	1
11XX	Total current assets		649,811	19	705,816	20
Non-current assets						
1550	Investments accounted for using	6(7)				
	equity method		2,245,958	66	2,339,465	65
1600	Property, plant and equipment	6(8) and 8	54,293	2	56,884	2
1755	Right-of-use assets	6(9)	40,043	1	18,632	-
1760	Investment property, net	6(11) and 8	113,717	3	115,086	3
1780	Intangible assets	6(12)	213,823	6	218,778	6
1840	Deferred tax assets	6(28)	81,188	2	136,380	4
1900	Other non-current assets		13,246	1	6,229	-
15XX	Total non-current assets		2,762,268	81	2,891,454	80
1XXX	Total assets		\$ 3,412,079	100	\$ 3,597,270	100

(Continued)

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity			December 31, 2022		December 31, 2021			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Current borrowings	6(13)	\$	190,000	6	\$	312,963	9
2130	Current contract liabilities	6(22)		3,025	-		3,843	-
2180	Accounts payable	7		42,461	1		50,495	1
2200	Other payables	6(15) and 7		80,834	3		87,700	2
2250	Current provisions	6(16)		468	-		-	-
2280	Current lease liabilities			11,185	-		6,678	-
2300	Other current liabilities			11,987	-		16,107	1
21XX	Total current liabilities			339,960	10		477,786	13
Non-current liabilities								
2540	Non-current portion of non-current borrowings	6(14)		160,000	5		160,000	5
2550	Non-current provisions	6(16)		137	-		176	-
2570	Deferred tax liabilities	6(28)		47,875	1		106,081	3
2580	Non-current lease liabilities			29,131	1		12,168	-
2600	Other non-current liabilities	6(17)		4,735	-		5,627	-
25XX	Total non-current liabilities			241,878	7		284,052	8
2XXX	Total liabilities			581,838	17		761,838	21
Equity								
	Share capital	6(18)						
3110	Common stock			2,771,575	81		2,771,575	77
	Capital surplus	6(19)						
3200	Capital surplus			1,602	-		1,602	-
	Retained earnings	6(20)						
3310	Legal reserve			45,893	1		24,671	1
3320	Special reserve			242,116	7		239,553	7
3350	Unappropriated retained earnings			202,434	6		214,778	6
	Other equity interest	6(21)						
3400	Other equity interest		(	433,379)	(12)	(	416,747)	(12)
3XXX	Total equity			2,830,241	83		2,835,432	79
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	3,412,079	100	\$	3,597,270	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, 2022 AND 2021

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

			Year ended December 31			
			2022		2021	
Items		Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(22) and 7	\$ 555,983	100	\$ 571,538	100
5000	Operating costs	6(6)(27) and 7	(450,495)	(81)	(470,461)	(82)
5900	Gross profit from operations		105,488	19	101,077	18
	Operating expenses	6(27) and 7				
6100	Selling expenses		(114,497)	(21)	(88,478)	(16)
6200	Administrative expenses		(74,509)	(13)	(86,958)	(15)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		81	-	1	-
6000	Total operating expenses		(188,925)	(34)	(175,435)	(31)
6900	Net operating loss		(83,437)	(15)	(74,358)	(13)
	Non-operating income and expenses					
7100	Interest income	6(23)	1,839	-	154	-
7010	Other income	6(24)	22,337	4	19,319	3
7020	Other gains and losses	6(25)	7,019	1	(2,056)	-
7050	Finance costs	6(26)	(8,313)	(1)	(6,972)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method	6(7)	145,146	26	292,593	51
7000	Total non-operating income and expenses		168,028	30	303,038	53
7900	Profit before income tax		84,591	15	228,680	40
7950	Income tax expense	6(28)	7,183	1	(20,140)	(3)
8200	Profit (loss) for the year		\$ 91,774	16	\$ 208,540	37
	Other comprehensive income					
	New Item					
8311	Gains (losses) on remeasurements of defined benefit plans	6(17)	\$ 594	-	\$ 378	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(21)	(54,401)	(10)	82,428	15
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		2,339	1	1,855	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(119)	-	(76)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(51,587)	(9)	84,585	15
	New Item					
8361	Exchange differences on translation	6(21)	47,211	9	(60,860)	(11)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(21)	(9,442)	(2)	12,173	2
8360	Components of other comprehensive income that will be reclassified to profit or loss		37,769	7	(48,687)	(9)
8300	Other comprehensive income		(\$ 13,818)	(2)	\$ 35,898	6
8500	Total comprehensive income		\$ 77,956	14	\$ 244,438	43
	Earnings per share	6(29)				
9750	Basic earnings per share		\$ 0.33		\$ 0.75	
9850	Diluted earnings per share		\$ 0.33		\$ 0.75	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Retained Earnings					Other equity interest		Total equity
		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	
<u>2021</u>									
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
<u>2022</u>									
Balance at January 1		\$ 2,771,575	\$ 1,602	\$ 24,671	\$ 239,553	\$ 214,778	(\$ 518,970)	\$ 102,223	\$ 2,835,432
Profit for the year		-	-	-	-	91,774	-	-	91,774
Other comprehensive income (loss) for the year		-	-	-	-	2,814	37,769	(54,401)	(13,818)
Total comprehensive income		-	-	-	-	94,588	37,769	(54,401)	77,956
Appropriation and distribution of 2021 retained earnings:									
Legal reserve appropriated		-	-	21,222	-	(21,222)	-	-	-
Special reserve appropriated		-	-	-	2,563	(2,563)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(83,147)	-	-	(83,147)
Balance at December 31		\$ 2,771,575	\$ 1,602	\$ 45,893	\$ 242,116	\$ 202,434	(\$ 481,201)	\$ 47,822	\$ 2,830,241

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, 2022 AND 2021

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

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 84,591	\$ 228,680
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	16,908	10,486
Amortisation	6(27)	8,198	6,595
Expected credit (gain) loss		(81)	(1)
Gains on financial assets at fair value through profit or loss	6(25)	830	(4)
Interest income	6(23)	(1,839)	(154)
Dividend income	6(24)	(6,423)	(5,929)
Interest expense	6(26)	8,313	6,972
Share of profit of subsidiaries and associates accounted for using the equity method	6(7)	(145,146)	(292,593)
NewItem	6(25)	(110)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		3,174	(4,000)
Accounts receivable		33,331	(19,770)
Other receivables		9,859	59,586
Inventories		1,713	(25,370)
Other current assets		9,615	5,661
Changes in operating liabilities			
Contract liabilities		(818)	871
Accounts payable		(8,034)	16,332
Other payables		(20,741)	20,192
Provisions		429	(737)
Other current liabilities		(4,120)	(11,989)
Net defined benefit liability		(597)	(378)
Cash outflow generated from operations		(10,948)	(5,550)
Interest received		1,839	154
Dividends received		300,643	43,395
Interest paid		(8,313)	(6,972)
Income taxes paid		(163)	(9)
Net cash flows from operating activities		283,058	31,018

(Continued)

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	\$ -	\$ 3,574
(Decrease)Increase in financial assets at amortised cost		77,504	(6,304)
Acquisition of property, plant and equipment	6(8)	(1,195)	(3,112)
Acquisition of intangible assets	6(12)	(949)	(642)
Increase in other non-current assets		(7,564)	(906)
Increase in refundable deposits		(1,747)	(460)
Net cash flows from (used in) investing activities		66,049	(7,850)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in long-term borrowings	6(30)	-	160,000
Decrease in short-term borrowings	6(30)	(122,963)	(161,064)
Increase in other payables - related parties		3,060	-
(Decrease)Increase in guarantee deposits received	6(30)	(295)	139
Payments of lease liabilities	6(30)	(11,584)	(5,054)
Cash dividends paid		(83,147)	(27,716)
Net cash flows used in financing activities		(214,929)	(33,695)
Net increase (decrease) in cash and cash equivalents		134,178	(10,527)
Cash and cash equivalents at beginning of year		46,716	57,243
Cash and cash equivalents at end of year		\$ 180,894	\$ 46,716

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

Attachment (2)

Category of nominee	Name of nominee	Education	Work experience	Current emploment	name of juridical person represent
Director	Peng Ting-Yu	University of Southern California Master of Business Administration and Finance	1.President of Action Electronics Co.,Ltd 2.Consultant of TEEMA 3.Director, Next Generation Charity Association	1.Chairman and General manager of Action Electronics Co.,LTD. 2. Chairman of Action Asia(Shenzhen)Co.,Ltd 3.Chairman of Action Industries(M) SDN BHD. 4.Director of Realise Tech-Service Co.,Ltd 5.Director of Shanghai Action Technology CO.,LTD 6. Legal person director representative "Clientron Corp"	
Director	Peng Chiun-Ping	Tamkang University	1.Bank of Communications 2.National Taxation Bureau of Taipei 3.Chairman of Action Electronic Co.,Ltd	1. Chairman of Far Year Construction CO.,LTD 2.Chairman of Shanghai Action Technology CO.,LTD 3.Chairman of Almond Garden Corp. 4. Director of Action Industries (M) SDN.BHD 5.Director of Action Asia (Shenzhen)Co.,Ltd	

Category of nominee	Name of nominee	Education	Work experience	Current emploment	name of juridical person represent
Director	Chao Teng-Pang	Tamkang University	1.Chairman of Action Electronic Co.,Ltd 2.Chairman of America Action Inc. 3. Santron Electronic Co.,Ltd 4.Far Year Technology (Shenzhen)Co.,Ltd	1. Chairman of Realise Tech-Service Co.,Ltd 2. Director of Far Year Construction CO.,LTD 3. Director of Action Asia (Shenzhen)Co.,Ltd 4. Director of Action Industries (M) SDN.BHD 5. Director of Almond Garden Corp. 6. Supervisor of Dede Technology (Shenzhen) CO., LTD.	
Director	Liu Chiu-Chi	Cheng-kung Senior	Chairman of YING KO Technology CO., Ltd	1.Chairman of YING KO Technology CO., Ltd 2.Director of Realise Tech-Service Co.,Ltd 3.Supervisor of Action Asia (Shenzhen)Co.,Ltd	
Director	Wen Yu Mei	1.MBA NCCU 2.National Taipei College of business 3.Senior Manager of First Securities Inc. 4.Finance Manager of Taoyou Securities Inc	1.Senior Associate of First Gold Securities 2.Senior Associate in charge of the province's First Financial Channel Department 3.Taoyuan Securities Finance Manager	1.Chairman of You Yuan Lai Investment Ltd. 2.Director of Dede Technology (Shenzhen) CO., LTD. 3.Director Of Action Asia (Shenzhen) Co., LTD. 4.Director Of Far Year Construction CO.,LTD	

Category of nominee	Name of nominee	Education	Work experience	Current emploment	name of juridical person represent
Director	Peng Hsiu-Yun	Business Management ,Pacific Western University	1.Director of Shanghai Taiwan Compatriots Association, Vice Chairman of Jiading District 2.Director of Shanghai Taiwan Compatriots Association, President of Jiading District Women's Federation	1.Chairman and General manager of Shanghai Action Technology CO.,LTD 2.Director of Action Asia (Shenzhen) CO., LTD.	
Director	Shin Chuan Yuan Investment Co.,Ltd Representative : Tsai Jin wan	Department of uiness Management of Saginaw Valley State University	1.Lecturer of National Open University 2.Director of Sanyo Whisbih Group Education Foundation 3.Chairman of Baoshan Guandi Temple, New Taipei City	1.General manager Of Far Year Construction CO.,LTD 2.Chairman of Shin Chuan Yuan Investment Co.,Ltd 3. Director of Dede Technology (Shenzhen) CO., LTD. 4.Taoyuan City Government Municipal Advisor 5.Consultant of Taiwan Science Park Science Industry Association	Shin Chuan Yuan Investment Co.,Ltd Representative:
Director	Yeh Li Wei	Ph.D., Institute of Optoelectronics Technology, Central University	1.Project Manager, Product Engineering Division, Nanya Technology Co., Ltd.	Nanya Technology Co., Ltd. Dram Senior Engineer	

Category of nominee	Name of nominee	Education	Work experience	Current emploment	name of juridical person represent
			2.Project Manager of Marketing Department of Nanya Technology Co., Ltd.		
Independent Director	Tang Peng-Chin	National Chung Hsing University, Accounting Dept. CPA	1.Accountant of Jian Yang United Accounting Firm. 2.Tongxie Electronic Audit Manager and Spokesperson	1.Chairman of TransGlobe capital management Ltd.(TGCM). 2. Independent Director of KINGZA International CO., LTD. Ltd 3. Director of 渴樂園有限公司, a company operating Dante Coffee.	
Independent Director	Yen Tzong-Ming	1.Department of Commercial Mathematics, Soochow University, Master of Economics 2.Washington College of the University of Pennsylvania PhD Program in Finance	1.Executive Yuan National Science Council Hsinchu Science and Engineering Director of Industrial Park Administration and Hsinchu Biomedical Campus Program Office director. 2. Adjunct in the Department of Business Administration, Private Xuanzang University visiting professor. 3. Part-time job in the Science Management Institute of National Chiao Tung University Associate Professor	1.Independent Director Of MACHVISION INC CO.,LTD 2.Director of Hsinchu Private Guangfu Middle School 3. Director of Soochow University Alumni Association of the Republic of China 4. Director of Taipei Commercial Mathematics Development Association	

Category of nominee	Name of nominee	Education	Work experience	Current emploment	name of juridical person represent
Independent Director	Zhang Zhiyuan	1.Department of Industrial Engineering, Feng Chia University 2.MBA at Michigan State Sageno University	1.Human Resources Manager, Institute of Electronics, Industrial Technology Research 2.Associate and Spokesperson of Winbond Electronics Co., Ltd. 3.Chairman of Winbond Integrated Circuit (Shenzhen) Co., Ltd. 4.Deputy Secretary-General of Taiwan Electrical and Electronics Trade Union Association, Director of Mainland China	1.Secretary-General of Taiwan Science Industrial Park Science Industry Association。 2. Political Advisor to the Executive Yuan。 3. Director of ITRI Alumni Association. 4.Director of Hsinchu Science and Technology Industry Association 5.Independent Director Of “BRIGHT LED ELECTRONICS CORP” .	

ACTION ELECTRONICS CO., LTD

Rules of Procedure for Shareholders Meetings

Approved by the shareholders meeting June 15th 2020

- Article 1 The Company's shareholders' meetings shall be executed according to this "Rules of Procedure for Shareholders Meetings", except as otherwise provided by laws, regulations, or the articles of incorporation,
- Article 2 The shareholders referred to in these rules refer to the shareholders themselves and the proxy entrusted by the shareholders to attend the shareholders' meeting.
- If the proxy authorized by the shareholders to attend is a legal person, the legal person may only designate one person to attend the shareholders meeting.
- For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting. The proxy form shall be delivered to the Company five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
- Where re-election of all directors is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
- Provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
- Article 4 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- If the proxy authorized by the shareholders to attend is a legal person, the legal person may only designate one person to attend the shareholders meeting.

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

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

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

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

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 8 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

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

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

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

vote, the chair may announce the discussion closed, call for a vote.

Article 9 (Deleted)

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

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

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

Article 13 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 14 (Deleted)

Article 15 If it is not a motion, it will not be discussed or voted on. When discussing a proposal, the chairman may announce the cessation of the discussion at an appropriate time and put it to vote. At the time of voting, if there is no objection after consultation by the chairman, the effect is the same as the voting.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 16 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Company Act.

Article 17 The voting of the proposal shall be passed with the approval of a majority of the voting rights of the shareholders present, unless otherwise stipulated in the Company Act and the Articles of Association.

Article 18 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The results of the voting shall be reported on the spot and recorded.

Article 19 The Company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders meeting. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

Article 20 The company shall record the entire process of the shareholders' meeting by audio

and/or video and keep it for at least one year.

- Article 21 The chair may direct the picketers or security personnel to help maintain order at the meeting place. When picketers or security personnel help maintain order at the meeting place, they shall wear an identification card or arm band with the word "Security"
- Article 22 The resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting. A copy of the meeting minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The distribution of meeting minutes mentioned above can be done by means of a public announcement. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted. , and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of the Company. The sign-in book or sign-in card of the attending shareholders and the proxy's power of attorney shall be kept for one year.
- Article 23 When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 24 Matters not stipulated in this rule shall be handled in accordance with the Company Act and the company's articles of association.
- Article 25 These rules will be implemented after approval by the shareholders' meeting, and the same applies when they are amended.

Appendix 2

ACTION ELECTRONICS CO., LTD

Articles of Incorporation

Chapter 1 General Provisions

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

Article 2 : The Company established its head office in Taoyuan City, Taiwan Province and may establish domestic and foreign branches when necessary by resolution of the Board of Directors..

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

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

1. C399990 Other textile and product manufacturing
2. C802100 Cosmetics manufacturing
3. CB01020 Business Machine Manufacturing
4. CCO1030 Electrical and audio-visual electronic products manufacturing
5. CC01060 Wired Communication Machinery Equipment Manufacturing
6. CC01070 Wireless Communication Machinery Equipment Manufacturing
7. CC01080 Electronic Components Manufacturing
8. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
9. CC01110 Computer and Peripheral Equipment Manufacturing
10. CE01030 Optical Instrument Manufacturing
11. CH01030 Stationery Manufacturing
12. E601010 Electrical Appliances Assembling
13. E604010 Machinery Installation
14. E701010 Communication Engineering
15. EZ05010 Instrument and Meter Installation Engineering
16. EZ14010 Sports Field Equipment Engineering
17. F104110 Wholesale of cloth, clothing, shoes, hats, umbrellas and apparel products
18. F105050 Wholesale of furniture, bedding, kitchen appliances, and furnishings
19. F107030 Wholesale of cleaning products
20. F108031 Wholesale of medical equipment
21. F108040 Wholesale of cosmetics
22. F109070 Wholesale of culture, education, musical instruments, and educational products
23. F113010 Wholesale of machinery
24. F113020 Wholesale of electrical Appliance
25. F113030 Wholesale of precision instruments
26. F113050 Wholesale of computer and business machinery and equipment
27. F113070 Wholesale of telecommunications Equipment
28. F116010 Wholesale of photographic equipment
29. F119010 Wholesale of electronic materials
30. F207030 Retail cleaning product
31. F208031 Retail of medical equipment
32. F209060 Retail of cultural, educational, musical instruments, and educational

products

- 33. F213010 Retail of electrical appliance
- 34. F213030 Retail of computer and business machinery and equipment
- 35. F213040 Retail of Precision Instruments
- 36. F213060 Retail of telecommunications equipment
- 37. F213080 Retail of mechanical appliances
- 38. F216010 Retail of photographic equipment
- 39. F219010 Retail of electronic materials
- 40. F401010 International Trade
- 41. F401021 Import of telecom control radio frequency equipment
- 42. I103060 Management Consulting
- 43. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

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

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

Article 6 : The announcement of the Company shall be published in a prominent part of the daily newspaper of the municipality or county where the Company is located, except as otherwise provided by the security's regulatory authority.

Chapter 2 Capital and Stock

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

Article 8 : The Company's share certificates shall be in registered form, signed or sealed by three or more directors, and shall be issued by the competent authority or its approved issuing registrar.

The shares issued by the Company may be issued without printing a share certificate and shall be registered with the centralized securities depository.

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

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

Chapter 3 Shareholders' Meeting

Article 11 : Unless otherwise provided in the Company Act, a shareholders' meeting shall be convened by the Board of Directors.

There are two types of shareholders' meetings as follows

- (1) Regular shareholders' meeting: The meeting shall be convened at least once a year.
- (2) Interim meeting of shareholders: To be convened when necessary.

The preceding ordinary shareholders' meeting shall be held within six months after the end of each fiscal year. If the meeting is held more than six months after the end of the fiscal year, it must be approved by the competent authority under the Company Act.

- Article 12 : Each shareholder of the company has one vote per share, except in the case where the shares do not have the right to vote as stipulated in Article 179 of the Company Act.
- Article 13 : When shareholders are unable to attend the shareholders' meeting, they shall issue a power of attorney issued by the company stating the scope of authorization to entrust a proxy to attend the meeting. Measures for shareholders' entrusted attendance should be in accordance with Article 177 of the Company Act" and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies' Meetings" issued by the competent authority.
- Article 14 : Unless otherwise stipulated by the Company Act and the Securities Exchange Law, the resolutions of the shareholders meeting shall be approved when attended shareholders representing more than half of the total number of issued shares, and more than half of the presented shareholders agree.

Chapter 4 Directors

- Article 15 : The Company shall have eleven directors for a term of three years, who shall be re-elected by the shareholders' meeting for a term of three years and who are capable of acting.
- The number of shares held by all directors in the preceding paragraph shall not be less than the percentage prescribed by the competent securities authorities.
- In the first paragraph, the number of independent directors shall not be less than three and not less than one-fifth of the number of directors. The professional qualifications, shareholdings, restrictions on part-time employment, nomination and election of independent directors and other matters to be followed shall be in accordance with the relevant regulations of the competent securities authorities.
- In accordance with Article 192-1 of the Company Act, the Company shall adopt a candidate nomination system for the election of directors, and the shareholders' meeting shall elect the directors and independent directors from the list of candidates.
- Article 16 : The board of directors shall be attended by more than two-thirds of the directors and agreed by more than half of the directors present. One person shall be elected as the chairman of the board, and one person may be elected as the vice chairman in the same manner according to business needs.
- The chairman of the board of directors serves as the chairman of the shareholders' meeting and the board of directors' meeting internally, and represents the company externally. When the chairman asks for leave or cannot exercise his functions and powers for some reason and if there is vice chairman appointed, vice chairman should be act as the deputy chairman. If there is no vice chairman, or when the vice chairman also asks for leave or cannot exercise his functions and powers for some reason, the chairman shall appoint one director act as deputy chairman. If the chairman of the board of directors does not appoint any deputy chairman, the deputy chairman shall be elected from among the directors. If the meeting is convened by a convening person other than the board of directors, the chairman shall be the convening person. If there are two or more convening persons, the chairman should be elected from among the convening persons.
- Article 17 : The convening of the board of directors' meeting shall notify the directors seven days in advance specifying the reasons for meeting. When there is an emergency, the meeting can be called at any time. The notification for convening on the preceding paragraph may be done in writing, fax or e-mail.
- The resolutions of the board of directors should be agreed by more than half of the

present directors with the meeting attended by more than half of the directors, unless otherwise provided by laws and regulations.

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

Article 19 : If a director is unable to attend a board meeting for any reason, he/she may appoint another director to attend the meeting by proxy, provided that the former proxy is limited to one person.

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

Article 21 : The Board of Directors shall have the following powers and duties:

- (1) To formulate business policies and plans.
- (2) To prepare capital increase or decrease.
- (3) To prepare the appropriation of earnings.
- (4) Other statutory and shareholders' powers and functions

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

Article 23 : In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee consisting of all independent directors.

The Audit Committee is composed of all independent directors and is responsible for the exercise of the duties and responsibilities of the supervisors under the Company Act, the Securities and Exchange Act and other laws.

The composition, terms of reference, rules of procedure and other matters to be followed by the Audit Committee shall be in accordance with the regulations of the competent securities authorities..

Article 24 : (Deleted)

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

Chapter 5 Managerial Officials

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

Chapter 6 Accounting

Article 27 : At the end of each fiscal year, the Board of Directors shall prepare a report of operations, financial statements, and a proposal for the distribution of earnings or the appropriation of losses and submit them to the shareholders at the annual general meeting for recognition in accordance with the law.

Article 28 : Based on the company's operational needs and the consideration of maximizing shareholders' equity, the Company's dividend policy will be based on the company's

future capital expenditure and capital needs. The proportion of cash dividends will be not less than 30% of the total dividends.

Article 29 : If the Company makes a profit in the year (profit is defined as profit before taxation before the distribution of employee compensation and director's compensation), not less than 5% of employee compensation and not more than 4% of director's compensation shall be appropriated; independent directors shall not participate in the distribution. However, if the Company still has accumulated losses, the amount of compensation should be reserved in advance.

The aforementioned employee compensation may be in the form of stock or cash and may be paid to subordinate employees who meet the criteria set by the Board of Directors.

The Board of Directors may pay compensation to employees of the Company who meet the criteria set by the Board of Directors. The aforementioned remuneration of directors may be paid in cash only. The first two items shall be resolved by the Board of Directors and reported to the shareholders' meeting.

If the Company's annual final accounts include after-tax net income for the period, the Company shall first make up the accumulated deficit and set aside 10% of the legal reserve in accordance with the law, except when the accumulated legal reserve has reached the Company's total paid-in capital. After the special reserve is appropriated or reversed in accordance with the laws and regulations or the competent authorities, the Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders, together with the undistributed earnings at the beginning of the period.

Chapter 7 Supplementary Provisions

Article 30 : The Company may transfer shares to employees at a price less than the average price of the shares actually repurchased by the Company at a shareholders' meeting attended by shareholders representing a majority of the total number of outstanding shares and with the approval of at least two-thirds of the votes of the shareholders present.

Article 31 : The Company's organizational regulations and working rules will be determined separately.

Article 32 : Matters not covered in this Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws and regulations

Article 33 : This Article of Incorporation was established on July 10th, 1976.

The first revision was made on December 17th 1976

The thirty-ninth revision was made on June 17th, 2016

Appendix 3

ACTION ELECTRONICS CO., LTD. Regulations Governing the Election of Directors and Independent Directors

Approved at the shareholders' meeting on June 24, 2014

- Article 1 The election of directors of the Company shall be conducted in accordance with the provisions of this Article.
- Article 2 The election of directors of the Company shall be held at the shareholders' meeting.
The votes of directors shall be counted separately for the election of independent directors and non-independent directors.
- Article 3 The directors of the Company shall be elected by the shareholders' meeting from among persons having the capacity to act.
- Article 4 The number of directors of the Company shall be determined in accordance with the number of directors set forth in the Company's Articles of Incorporation.
- Article 5 The election of directors of the Company shall be by the method of cumulative election by secret ballot. Each share shall have the same number of voting rights as the number of directors to be elected, and one person may be elected centrally or several persons may be elected separately.
- Article 6 In accordance with the quotas set forth in the Company's Articles of Incorporation, the directors who have received the greater number of election rights shall be elected as independent directors and non-independent directors, respectively, in that order. If there are two or more persons with the same number of votes and the number of seats exceeds the number of seats set forth in the Company's Articles of Incorporation, lots shall be drawn by those with the same number of votes.
- Article 7 The Board of Directors shall prepare an election ballot, which shall be numbered according to the attendance card number or account number and filled in with its election rights.
- Article 8 Before the commencement of the election, the chairman shall designate a number of scrutineers and tellers to perform the relevant duties, but the scrutineers shall be shareholders.
- Article 9 The ballot boxes shall be set up by the Board of Directors and shall be open for inspection by the scrutineers before the voting.
- Article 10 If the electee is a shareholder, the elector shall state the name of the electee and the shareholder's account number in the "Electee" column of the election ballot; if he/she is not a shareholder, he/she shall state the number of the electee and his/her identification document. If there are several representatives, the names of the representatives shall be added separately.
- Article 11 The ballot paper shall be invalid if one of the following circumstances occurs.
1. The ballot is not used in accordance with the provisions of these Regulations.
 2. A blank ballot is put into the ballot box.
 3. The handwriting is blurred and illegible or altered.
 4. If the name of the electee is a shareholder, the name and shareholder number of

the electee do not match with the register of shareholders; if the electee is not a shareholder, the name and identity document number of the electee do not match with the register of shareholders.

5. If the name (name) or shareholder number (identity document number) of the person to be elected and the number of allocated election rights are written in addition to other words.
6. The name of the person to be elected is the same as that of other shareholders without filling in the shareholder account number or identity document number for identification.

Article 12 The election shall be invalidated if it does not comply with the provisions of Article 26-3, Item 3, Paragraph 4 of the Securities and Exchange Act.

Article 13 After the voting is completed, the votes shall be opened, and the chairman shall announce the results of the voting in public.

Article 14 The Board of Directors of the Company shall issue certificates of election to the elected directors and independent directors respectively.

Article 15 All matters not provided for in this Article shall be governed by the Company Act and relevant laws and regulations.

Article 16 These Regulations shall come into effect upon the approval of the shareholders' meeting and shall be amended as well.

Appendix 4

Shareholding of Directors and Independent Directors Action Electronics CO.,LTD

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

Data base date :April 27,2023

Position	Name	Current shareholding (Shars)	Shareholding ratio
Chairman	Peng Ting-Yu	4,331,983	1.56%
Director	Peng Chiun-Ping	20,683,303	7.46%
Director	Chao Teng Pang	1,442,820	0.52%
Director	Hsu Wen Tang	803,000	0.29%
Director	Liu Chiu Chi	5,101,000	1.84%
Director	Wen Yu mei	2,261,000	0.82%
Director	Peng Hsiu yun	1,120,000	0.40%
Director	New Spring Garden Investment Co., Ltd. Chin -Wan Tsai	1,000,000	0.36%
Independent Director	Tang Peng Chin	0	0.00%
Independent Director	Min Kuei Ling	0	0.00%
Independent Director	Yen Tzong Ming	0	0.00%
Total		36,743,106	13.26%