

Action Electronics Co., LTD.

2022 Annual Report

Notice to readers

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

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

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

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Appendix B: Individual Financial Report and Audit Report of Independent Accountants in 2022

I 、Letter to Shareholders:

(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

II 、 Company Profile

2-1 、 An Introduction to the Company

(1) Date of Establishment : July 21, 1976

Address&Telephone of Headquarter

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

Telephone : (03)451-5494

(2) Company History

1976: Officially founded with the approval of the Ministry of Economic Affairs, with a capital of 2.5 million.
The clock radio ACN-001 was successfully developed, and the first batch of 10,000 units was produced and exported to Australia.

1977: The shareholders' meeting approved an increase in capital to NT\$5 million.
The company's spirit is promulgated as: sincerity, harmony, aggressive, action, and innovation.

1978: Purchased the Taipei office, located in Huibao Building, Section 1, Keelung Road.
Increased capital to NT\$7.5 million.

1979: The first factory (the film and television factory) was established, with an area of 1009 square meters.
The shareholders' meeting approved a capital increase of NT\$4.5 million, and the capital amounted to NT\$12 million.

1980: The capital increase reached NT\$18 million.
The bonded factory was approved for establishment in December and took over at the end of the year.

1981: The capital increased to NT\$28 million.
Develop a portable audio device, and make the product level enter another field.

1982: The capital increased to NT\$45 million.
Purchased 2 units of automatic board plug-in machines is the beginning of automation.
Accepting Telefunken's commission to produce high-end audio products to enhance the company's quality image.

1983: Developed multifunctional wireless telephones.

1984: Increased capital to NT\$60 million.
Vigorously expand domestic sales and actively establish its own brand.

1985: Leading the successful development of dual-cassette audio.
The successful development of the world's smallest three-in-one (radio, recording, TV) is the beginning of our company's involvement in TV production and sales.

1986: The capital increased to NT\$80 million.
Mini TVs are extremely popular, and they have successfully entered the American market and as well as the Europe.

1987: Increased capital to NT\$134 million.
Black-and-white TV shines in the European market.
Successfully developed a 6-inch small color TV.
Purchased 11,086 square meters of land in Zhongli Industrial Zone, and moved the Taipei office to the office which is located in the 6th and 7th floors of No. 67 Minquan East Road immediately.

1988: Increased capital to 184 million.
Reinvested in Malaysia and established ACTION INDUSTRIES (M) SDN. BHD.
Established a new factory (information factory) on the newly purchased land in Zhongli Industrial Zone, and used it as the head office to produce information products, while the old factory (film and television factory) mainly produced film and television products.
Purchased SMT surface bonding machine to produce high-precision, slim and short products.

1989: Reinvested in Malaysia and established Action Asia Holdings (Ma) Co., Ltd. to engage in the development of industrial parks.
Accept SONY commission to produce 100,000 mini TV radios.
Successfully developed 8mmVCR color TV combination.
Purchased the 4th floor office building at No. 67 Minquan East Road.

1990: Increased capital to NT\$350 million for IPO.
Successfully developed a 14-inch Super VGA color computer monitor.
Leading the development and production of portable color TV player combinations, and successfully were sale worldwide.

1991: Revenue grew substantially to NT\$1.8 billion, breaking the record over past 15 years.
Leading the development of a 10-inch color computer monitor.

1992: Revenue growth has reached NT\$2.19 billion.
Reinvested USD 800,000 in Action American Co., Ltd.

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

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

ACTION ASIA (SHENZHEN) CO., LTD. won the 2019 Outstanding Mainland Taiwanese Businessmen Award.

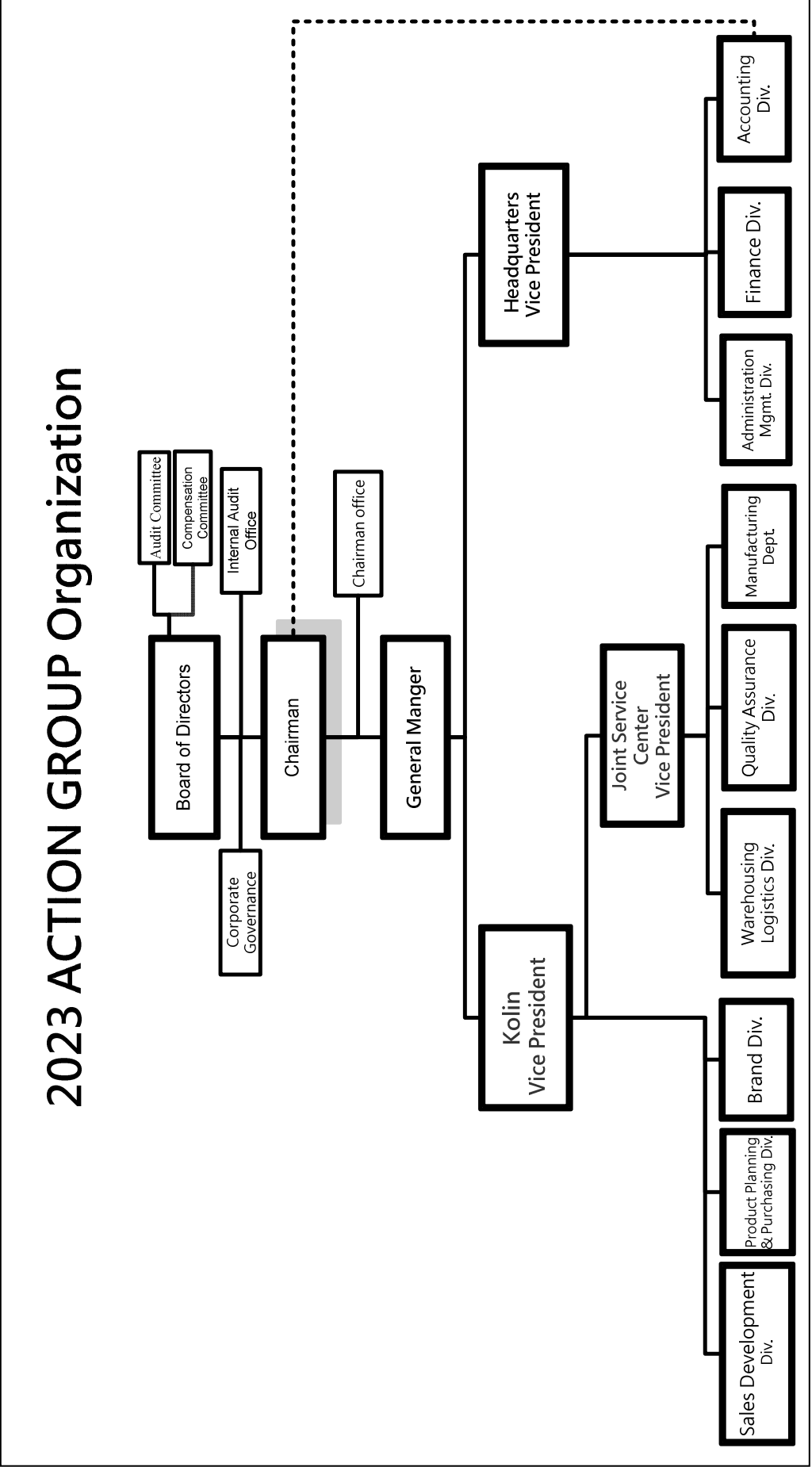
2020: Officially launched AIOT smart home appliances, leading the industry in launching voice-activated smart coffee machines.

2021: Sale of 100% equity transfer of Action Technology(Jian) Co., Ltd.
Dispose of 51% equity of ATZ Electronic Co., Ltd.

2022:In response to the construction of the Industrial 4.0 Industrial Park at the Zhongli Factory of Echo Group's headquarters, the headquarters office was temporarily relocated to Chaoyang CBD Economic and Trade Center, Taoyuan City.

III 、Corporate Governance Report

3-1 、(1).Org. Chart



3-1-2、 Each division's major task：

Division	Organization function
Corporate Governance Unit	<ol style="list-style-type: none"> 1.Handle corporate governance-related matters in accordance with the law 2. Protect the rights and interests of shareholders 3. Strengthen the responsibilities of the board of directors
Audit Division	<ol style="list-style-type: none"> 1. Implementation and management of group audit plan. 2. Corporate governance and compliance with, laws and regulations. 3. Internal control and audit.
Chairman of the board	<ol style="list-style-type: none"> 1. Promote the achievement of the annual plan goals of each company in the group 2. Resource integration and promotion of big data analysis applications 3. Company image and its (agent) brand development strategy and management 4. Four development, newborn and major project planning and promotion 5. Group major risk control 6. Commodity procurement (supply) management 7. Information system construction, maintenance and management.
Accounting Division	<ol style="list-style-type: none"> 1. Self-compiled financial reports and other accounting affairs operations and abnormal analysis prompts. 2. Manage the accounting system of the group and supervise the accounting work of each company. 3. The group re-announces legal compliance and stock affairs management. 4. Subsidiary relationship enterprise management.
Financial Division	<ol style="list-style-type: none"> 1. Fund scheduling, raising and effective use. 2. Manage customer loan risk. 3. Control foreign exchange risk.
Management Division	<ol style="list-style-type: none"> 1. Inheritance of corporate culture and maintenance of rules and regulations. 2. Human resources and education training. 3. Environmental safety and health and asset management. 4. Legal risk prevention, patent and intellectual property rights maintenance. 5. Maintenance and operation of local public relations.
Sales I、II、III Division	<ol style="list-style-type: none"> 1. Competitive product intelligence collection in the same industry. 2. Achievement of revenue target and accounts receivable. 3. Channel development and customer relationship maintenance. 4. Sales and demand plan management on customer.
Brand Office	<ol style="list-style-type: none"> 1. Brand and product promotion and corporate integrated marketing promotion 2. Media relationship maintenance and press release 3. Cross-industry cooperation management.
Commodity Office	<ol style="list-style-type: none"> 1.Intelligence collection and tactical planning of competing products in the same industry 2. Commodity filing and material number review 3. Commodity marketing strategy and pricing strategy drafting 4. Formulation and management of commodity coding standards.

Division	Organization function
Logistics Management Department	<ol style="list-style-type: none"> 1. Warehousing logistics operation management 2. Co-organize inventory control and refurbishment of welfare products 3. Handling of returned goods during the virtual channel appreciation period 4. Shipment operation and review, account debt management 5. Calculation of business and distribution rewards 6. Abnormal tracking of commodity purchase, sale and inventory
Quality Assurance Division	<ol style="list-style-type: none"> 1. Supplier evaluation and product quality assurance. 2. Application for various safety regulations for commodities. 3. Aftermarket quality inspection and random inspection. 4. Customer complaints and after-sales quality tracking and improvement. 5. Correction and remedial measures for major quality problems.
Manufacturing Division	<ol style="list-style-type: none"> 1. Product assembly, testing and adjustment. 2. Improve the production process and technology. 3. Control the process to ensure product delivery and quality.

3-2. Information Regarding Directors, Supervisors and Management Team

3-2-1 Directors

2022/4/26

Unit : Share : %

Title (Note1)	Nationality/ Place of Incorporation	Name	Gender (age) (Not e2)	Date of assignment	Office Term	Date First Elected (Note3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	Peng Ting- Yu	F (50~ 60)	1090615	3 years	880614	4,045,451	1.26	4,331,983	1.56	—	—	—	—	1.Master at USC 2.President of Action Electronics Co.,Ltd 3.Consultant of TEEMA 4.Director, Next Generation Charity Association	1. Chairman and General manager of Action Electronics Co.,LTD. 2. Chairman of Action Industries (M) SDN BHD. 3.Director of Action Asia (Shenzhen)Co.,Ltd 4.Director of Realise Tech-Service Co.,Ltd 5.Director of Director of Shanghai Action Technology CO.,LTD 6. Legal person director representative "Clientron Corp".	Director	Peng Chiun- Ping	Father and Daughter	None
Director	ROC	Peng Chiun- Ping	M (70~ 80)	1090615	3 years	651217	17,798,895	5.53	20,683,303	7.46	5,187,000	1.87	—	—	1.Tamkang University 1.Bank of Communications 2.National Taxation Bureau of Taipei 3.Chairman of Action Electronic Co.,Ltd	1.President of Action Electronics Co.,Ltd 2.Chairman of Shanghai Action Technology CO.,LTD 3.Chairman of Far Year Construction CO.,LTD 4.Chairman of Almond Garden Corp. 5. Director of Action Industries (M) SDN.BHD 6. Director of Action Asia (Shenzhen)Co.,Ltd	Director	Peng Ting- Yu	Father and Daughter	None

Title (Note1)	Nationality/ Place of Incorporation	Name	Gender (age) (Not e2)	Date elected	Terms	Date First Elected (Note3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	Chao Teng-Pang	M (70-80)	1090615	3 years	880614	1,357,820	0.44	1,442,820	0.52	0	—	—	—	Tamkang University 1. Chairman of Action Electronic Co., Ltd 2. Chairman of America Action Inc. 3. Santron Electronic Co., Ltd 4. Chairman of Far Year Technology	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. BH. 5. Director of Almond Garden Corp. 6. Supervisor of Dede Technology (Shenzhen) Co., Ltd	None	None	None	None
Director	ROC	Hsu Wen-Tang	M (50-60)	1090615	3 years	1060615	1,000,000	0.36	803,000	0.29	2,000	—	—	—	EMBA, National Chengchi University Cooperative Economics, NCHU 1. VP of RaySun Electronics Corp. 2. General manager of Action Electronics Co., Ltd.		None	None	None	None
Director	ROC	Liu Chiu-Chi	M (70-80)	1090615	3 years	1000624	2,098,249	0.76	5,101,000	1.84	38,000	0.01	—	—	Cheng-kung Senior Industrial Commercial Vocational School 1. Chairman of ING-KER Tech Ltd	1. Chairman of ING-KER Tech Ltd 2. Director of Realise Tech-Service Co., Ltd 3. Supervisor of Action Asia (Shenzhen) Co., Ltd	None	None	None	None
Director	ROC	Wen Yu Mei	F (60-70)	1090615	3 years	1090615	2,261,000	0.82	2,261,000	0.82	0	—	—	—	1. MBA NCCU 2. National Taipei College of business 3. Senior Manager of First Securities Inc. 4. Finance Manager of Taoyou Securities Inc	1. Chairman of You Yuan Lai Investment Ltd. 2. Director of Action Asia (Shenzhen) Co., Ltd 3. Director of Dede Technology (Shenzhen) CO., LTD 4. Director Of Far Year Construction CO., LTD	None	None	None	None

Title (Note1)	Nationality/ Place of Incorporation	Name	Gender (age) (Not e2)	Date elected	Terms	Date Elected (Note3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	Peng Hsiu-Yun	F (60-70)	1090615	3 years	10906154	1,120,000	0.40	1,120,000	0.40	170,158	0.06	—	—	*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. Director and General manager of Shanghai Action Technology CO., LTD 2. Director of Action Asia (Shenzhen) CO., LTD.	None	None	None	None
Director	ROC	Shin Chuan Yuan Investment Co., Ltd		1090615	3 years	1090615	1,000,000	0.36	1,000,000	0.36	—	—	—	—						
		Representative: Tsai Jin wan	M (50-60)	1090615	3 years	1090615	0	0.00	0	0.00	—	—	—	—	Department of Business Management of Saginaw Valley State University 1. Lecturer of National Open University 2. Director of Sanyo Whishih 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	None	None	None	None

Title (Note 1)	Nationality/ Place of Incorporation	Name	Gender (age) (Not (e2)	Date Elected	Terms	Date Elected(No te3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Relation	
Independent Director	ROC	Tang Peng-Chin	M (50~ 60)	1090615	3 years	1090915	—	—	—	—	—	—	—	—	*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 鴻樂園有限公司, a company operating Dante Coffee.	None	None	None
Independent Director	ROC	Min Kuei-Ling	F (50~ 60)	1060615	3years	1060615	—	—	—	—	—	—	—	—	Master of National Taiwan University of Science and Technology at Dept.of Finance Associate of RITEK Corp.	1.VP of My humble house Hospitality Management Consulting Co.,Ltd	None	None	None
Independent Director	ROC	Yen Tzong-Ming	M (50~ 60)	1090615	3 years	1090615	—	—	—	—	5,587	—	—	—	• Department of Commercial Mathematics, Soochow University, Master of Economics • 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.	1.Independent Director of Machvision Inc 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	None	None	None

Note 1: Corporate shareholders should list the name of the corporate shareholder and the representative separately (for those who are representatives of corporate shareholders, the name of the corporate shareholder should be indicated), and should fill in Table 1 below.

Note 2: Please list actual age and express it in a range, e.g. 41~50 years old, 51~60 years old.

Note 3: Enter the time when you first became a director or supervisor of the Company, and include a note if there was an interruption.

Note 4: For experience related to the current position, if you have worked for a CPA firm or a related company during the previous reporting period, you should specify the

title of the position and the duties for which you are responsible.

Note 5: If the chairman of the board of directors and the general manager (top manager) of the company are the same person, spouses or first degree relatives, the reasons, rationality, necessity and Countermeasures (such as increasing the number of independent directors, and more than half of the directors are not concurrently employees or managers) shall be explained.

<u>Reason</u>	<u>Rationality and Necessity</u>	<u>Countermeasures</u>
<ul style="list-style-type: none"> ● Complete industrial qualifications . managers ● Understand the industrial market ● Leadership ability ● Family inheritance 	<ul style="list-style-type: none"> ● Good familiarity with customers ● Can fully master the changes of the industrial market ● Have planning ability of the overall enterprise ● Train a succession team ● Bridge between family businesses 	<ul style="list-style-type: none"> ● Actively train professional .

3-2-2 Institutional shareholder information

Table 1: Major Shareholders of Institutional Shareholders

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Name of Institutional Shareholder (Note1)	Major Shareholders of Institutional Shareholders (Note2)
Shin Chuan Yuan Investment Co.,Ltd.	Wu Fanciqin 80%

Note 1: If the directors and supervisors are representatives of institutional shareholders, the name of the institutional Shareholders should be disclosed.

Note 2: Fill in the name of the major shareholder of the institutional shareholder (whose shareholding ratio ranked the top ten) and its shareholding ratio. If its major shareholder is a juridical person, it should be disclosed in Table 2 below.

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

3-2-3 、Major shareholders of the Company's major institutional shareholders:None °

3-2-4 、Information Regarding Directors

A. Professional Qualifications and Independence Analysis of Directors: Directors

Criteria Name	Professional Qualifications requirements and work experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Peng Ting-Yu (Chairman)	a. Profession qualifications: Business, legal, financial, accounting or corporate. The work experience required for the service; and there is no company law 30 items of various affairs. b. Education: Master at USC C. Work expense: ● General manager of Action Electronics Co.,Ltd. ● Consultant of TEEMA ● Director, Next Generation Charity Association ● current position: Chairman and General manager of Action Electronics Co.,Ltd Chairman of Action Industries (M)SDN.BH. 、 Action Asia(Shenzhen)Co.,Ltd	Not applicable	0
Peng Chiun-Ping (Director)	a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs. b. Education: Tamkang University C. Work expense: ● Bank of Communications ● National Taxation Bureau of Taipei ● Chairman of Action Electronic Co.,Ltd ● current position: .President of Action Electronics Co.,Ltd 、 .Chairman of Shanghai Action Technology Co.,Ltd 、 .Chairman of Far Year Construction Co.,Ltd	Not applicable	0
Chao Teng-Pang (Director)	a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs. b. Education: Tamkang University C. Work expense: ● Chairman of Action Electronic Co.,Ltd 、 Santron Electronic Co.,Ltd ● current position: Chairman of Realise Tech-Service Co.,Ltd 、 Director of Far Year Construction CO.,LTD 、 Director of 、 Director of Action Asia(Shenzhen)Co.,Ltd 、 Supervisor of Shanghai Action Technology CO.,LTD	Not applicable	0

Criteria Name	Professional Qualifications requirements and work experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Hsu Wen-Tang (Director)	a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs. b. Education:EMBA,National Chengchi University Cooperative Economics ,NCCU c. Work expense: ●VP of RaySun Electronics Corp. ●Chairman of Action Asia(Shenzhen)Co.,Ltd ●General manager of Action Electronic Co.,Ltd	Not applicable	0
Liu Chiu-Chi (Director)	a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs. b. Work expense: ●Cheng-kung Senior Industial Commercial Vocational School ●Chairman of ING-KER Tech Ltd ●Current position: Director of Realise Tech-Service Co.,Ltd 、 Supervisor of Action Asia(Shenzhen)Co.,Ltd	Not applicable	0
Wen Yu Mei (Director)	a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs. b. Education: MBA NCCU 、 National Taipei College of business c. Work expense: ●Senior Manager of First Securities Inc. ●Finance Manager of Taoyou Securities Inc ●Current position: Chairman of You Yuan Lai Investment Ltd. 、 Director of Dedection Asia (Shenzhen)Co.,Ltd. Director of Far Year Construction Co.,Ltd. 、 Action Asia(Shenzhen)Co.,Ltd 。	Not applicable	0
Peng Hsiu-Yun (Director)	a. Profession qualifications:Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs. b. Education: Management ,Pacific Western University c. Work expense: ● Director of Shanghai Federation of Taiwan Compatriots Deputy Chairman of Jiading District ●Current position: Director and General manager of Shanghai Action Technology CO.,LTD ; Director of Action sia(Shenzhen)Co.,Ltd	Not applicable	0
Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai Jin wan (Director)	a. Profession qualifications:Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs. b. Education: Department of uiness Management of Saginaw Valley State University c. Work expense: ●Lecturer of National Open University ●Director of Sanyo Whisbih Group Education Foundation ●Chairman of Baoshan Guandi Temple, New Taipei City ●Current position: General manager Of Far Year Construction CO.,LTD、 Chairman of Shin Chuan Yuan Investment Co.,Ltd、 Director of Dede Technology (Shenzhen) CO., LTD.、 Taoyuan City Government Municipal Advisor 、 Consultant of Taiwan Science Park Science Industry Association。	Not applicable	0

B. Professional Qualifications and Independence Analysis of Directors: Independent Director

Criteria Name	Professional Qualifications requirements and work experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Tang Peng-Chin (Independent Director))	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: National Chung Hsing University, Accounting Dept. ▸ CPA</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> • Accountant of Jian Yang United Accounting Firm. • Tongxie Electronic Audit Manager and Spokesperson • Current position: <p>(1) Chairman of TransGlobe capital management Ltd. (TGCM).</p> <p>(2) Independent Director of KINGZA International CO., LTD. Ltd</p> <p>(3) Director of 渴樂園有限公司, a company operating Dante Coffee.</p>	<p>(1) Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates.</p> <p>(2) Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company,</p> <p>(3) Not a director or supervisor of the company or any of its affiliates.</p> <p>(4) Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.</p>	1
Min Kuei-Ling (Independent Director))	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: Master of National Taiwan University of Science and Technology at Dept. of Finance</p> <p>c. Work expense:</p> <p>(1) Associate of Jingfa Technology Consulting Co., Ltd. (RITEK Corp)</p> <p>(2) Supervisor of Hongyang Technology Co., Ltd. ▸ Shangquan Optical Fiber Communication Co., Ltd.</p> <ul style="list-style-type: none"> • Current position: <p>(1) VP of My humble house Hospitality Management Consulting Co., Ltd</p>	<p>(1) Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates.</p> <p>(2) Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company,</p> <p>(3) Not a director or supervisor of the company or any of its affiliates.</p> <p>(4) Not a professional who provides audits or commercial, legal, Financial accounting, or other related services with compensation within the past two years to UPEC or its affiliates.</p>	
Yen Tzong-Ming (Independent Director))	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education:</p> <ul style="list-style-type: none"> • Department of Commercial Mathematics, Soochow University, Master of Economics • Washington College of the University of Pennsylvania PhD Program in Finance <p>c. Work expense:</p> <p>(1) Executive Yuan National Science Council Hsinchu Science and Engineering</p> <p>(2) Director of Industrial Park Administration and Hsinchu Biomedical Campus Program Office director.</p> <p>(3) Adjunct in the Department of Business Administration, Private Xuanzang University visiting professor.</p>	<p>(1) Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates.</p> <p>(2) Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company,</p> <p>(3) Not a director or supervisor of the company or any of its affiliates.</p> <p>(4) Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.</p>	1

Criteria Name	Professional Qualifications requirements and work experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	(4)Part-time job in the Science Management Institute of National Chiao Tung University Associate Professor。 ●Current position (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		

3-2-5 、 Diversification and independence of the board of directors

A.In accordance with the "Code of Practice for Corporate Governance", the company formulates and implements a diversified policy for the members of the board of directors, and the situation that individual directors implement the diversified implementation of the board: According to the company's operations and directors' expertise, the groupings are as follows:

- (1). Directors of the management and leadership decision-making group: Chairman Peng Ting-yu, Directors Peng Chiun-Ping, Chao Teng-Pang,Hsu Wen-Tang, Liu chiu-chi, Wen Yu-mei, Peng Hsin-Yun, Tsai Jin Wan, etc., hold monthly management committees to discuss improvement measures based on operating results and performance. Make records and track the situation of improvements.
- (2). Directors of Industry Knowledge and Financial Accounting Group: Chairman Peng Ting-yu, Directors Peng Chiun-Ping, Chao Teng-Pang,Hsu Wen-Tang, Liu chiu-chi, Wen Yu-mei, Peng Hsin-Yun, Tsai Jin Wan, etc. Conduct monthly financial analysis on the financial statements of each unit, international industry changes form, put forward operational crisis management, and improve operations 。
- (3). Establish a promotion group for asset activation, led by director Peng chiun-Ping, with members including Chao Peng-Pang, Wen Yu mei, Tsai Jin Wan,etc., to review the promotion situation monthly.
- (4). Among three independent directors, Tang Peng-chin' possesses CPA license, Min Kuei-ling and Yan TZong-Ming are specialized in economics and financial management (one of them is a female)
- (5). According to the "Performance Evaluation Method", the company's corporate governance supervisor completed the performance evaluation of the directors in March 2023, and the evaluation results are in March 2023, it was submitted to the board of directors for approval, and it was used as a reference for the payment of directors in conjunction with the "Directors and Remuneration Payment Method".

B 、 Diversity of board members and their achievement:.

- ✓ Four female directors accounted for 36% and Seven male directors accounted for 64%.
- ✓ One directors with employee status accounted for 9% and three independent directors accounted for 27%.
- ✓ Two directors are over seventy years old,three directors are Sixty-seventy years old ,and six directors are under sixty years old.
- ✓ Four directors whose term of office is more than ten years and seven directors who are less than five years.
- ✓ The diversification core items of each director are as follows:

Diversity Core Program		gender	seniority	Management	leadership decision	Industry knowledge	Financial Accounting	Legal law
Director	Peng Ting Yu	F	23	V	V	V	V	V
Director	Peng Chiun-Ping	M	47	V	V	V	V	V
Director	Chao Teng-Pang	M	23	V	V	V	V	V
Director	Hsu Wen-Tang	M	3	V	V	V	V	
Director	Liu Chiu-Chi	M	12	V	V	V	V	V
Director	Wen Yu Mei	F	3	V	V	V	V	V
Director	Peng Hsiu-Yun	F	3	V	V	V	V	
Director	Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai Jin wan	M	3	V	V	V	V	V
Independent Director	Tang Peng-Chin	M	3	V		V	V	V
Independent Director	Min Kuei-Ling	F	6	V		V	V	V
Independent Director	Yen Tzong-Ming	M	3	V		V	V	V

3-2-6、Information Regarding Management Team

4/27/2023

Unit : share ; %

Title (Note1)	Nationality	Name	Gender	Date of Assignment	Share Held		Share held by spouse and minors		Share held by Nominee Arrangement		Experience (Education) (Note2)	Other Positions	Managers who are Spouses or Within Two Degrees of Kinship			Remark Note 3
					shares	%	shares	%	shares	%			Title	Relationship		
General Manager	ROC	Peng Ting Yu	F	110.03.29	4,331,983	1.56	—	—	—	—	1.Master at USC 2.President of Action Electronics Co.,Ltd 3.Consultant of TEEMA 4.Director, Next Generation Charity Association p.	1. General manager of Action Electronics Co.,LTD. 2. Chairman of Action Industries(M) SDN BHD. 3. Chairman of Action Asia (Shenzhen) Co.,Ltd 4.Director of Realise Tech-Service Co.,Ltd 5.Director of Shanghai Action Technology Co., Ltd. 6. Legal person director representative "Clentron Corp".	None	None	None	None
VP	ROC	Jeffery Peng	M	105.01.26	0	0.00	—	—	—	—	1.Pepperdine University BMA CA USA ° 2.EMBA of Shanghai Jiao Tong University 3.CEO of Far Year(Shenzhen)Co.,Ltd	1. Director of Shanghai Action Technology CO., LTD 2. Director of Far Year Construction CO.,LTD	None	None	None	None
VP	ROC	Amme chou	M	111.05.03	—	—	—	—	—	—	1. Soochow University Master of Law Department 2.Department of Accounting, National Cheng Kung University 3, CEO of Zhenda Construction (stock) Company 4. Deputy General Manager of Risheng Life Technology Co., Ltd.	1. Finemat Applied Materials Co., Ltd. Independent Director 2.King's Metal Fiber Technologies Co., Ltd. Independent director	None	None	None	None
Financial Officer	ROC	Vincent Weng	M	111.05.12	—	—	—	—	—	—	1.Institute of Finance, Yuan Ze University 2. Financial Supervisor of Shuanghong Technology Co., Ltd.	Supervisor of Realise Tech-Service Co.,Ltd	None	None	None	None

3-3-1 、Remuneration Paid to Directors, Independent Directors, Supervisors, President, and Vice Presidents

(1) Remuneration of Directors and Independent Directors

Unit : NT thousand

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C+D) to Net Income (%) Note 11		Relevant Remuneration Received by Directors Who are Also Employees					Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) Note 11		Remuneration from ventures other than subsidiaries or from the parent company (Note 12)					
		Base Compensation (A) Note 2		Severance Pay (B)		Directors' Compensation (C) Note 3		Allowances (D) Note 4		Salary, Bonuses, and Allowances (E) Note 5		Severance Pay (F)		Employee Compensation (G) Note 6		The company's consolidated financial statements (Note 8)						
		The company's consolidated financial statements (Note 8)	All companies in the consolidated financial statements (Note 8)	The company's consolidated financial statements (Note 8)	All companies in the consolidated financial statements (Note 8)	The company's consolidated financial statements (Note 8)	All companies in the consolidated financial statements (Note 8)	The company's consolidated financial statements (Note 8)	All companies in the consolidated financial statements (Note 8)	The company's consolidated financial statements (Note 8)	The company's consolidated financial statements (Note 8)	The company's consolidated financial statements (Note 8)	The company's consolidated financial statements (Note 8)									
Chairman	Peng,Ting-Yu	0	0	0	0	1,115	1,168	150	587	1.38%	1.91%	3,253	4,626	0	0	71	0	114	0	5.00%	7.08%	None
Director	Peng,Chiun-Ping	0	0	0	0	372	451	115	234	0.53%	0.75%	931	4,203	0	0	0	0	882	0	1.54%	6.29%	None
Director	Chao,Teng-Pang	0	0	0	0	372	425	110	399	0.53%	0.90%	0	1,323	0	0	0	0	7	0	0.53%	2.35%	None
Director	Hsu,Wen-Tang	0	0	0	0	372	372	75	75	0.49%	0.49%	0	0	0	0	0	0	0	0	0.49%	0.49%	None
Director	Liu,Chiu-Chi	0	0	0	0	372	372	95	168	0.51%	0.59%	0	0	0	0	0	0	0	0	0.51%	0.59%	None
Director	Wen, Yu Mei	0	0	0	0	372	372	110	169	0.53%	0.59%	0	1	0	0	0	0	0	0	0.53%	0.59%	None
Director	Peng, Hsiu-Yun	0	0	0	0	372	425	95	148	0.51%	0.62%	438	1,681	0	0	0	0	441	0	0.99%	2.94%	None
Director	Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai, Jin wan	0	0	0	0	372	372	110	110	0.53%	0.53%	0	0	0	0	0	0	0	0	0.53%	0.53%	None
Independent Director	Tang,Peng-Chin	400	400	0	0	0	0	90	90	0.53%	0.53%	0	0	0	0	0	0	0	0	0.53%	0.53%	None
Independent Director	Min,Kuei-Ling	400	400	0	0	0	0	95	95	0.54%	0.54%	0	0	0	0	0	0	0	0	0.54%	0.54%	None
Independent Director	Yen,Tzong-Ming	400	400	0	0	0	0	95	95	0.54%	0.54%	0	0	0	0	0	0	0	0	0.54%	0.54%	None

Note1: Regardless of profit or loss of the Company, the remuneration paid to Independent directors will be paid at a fixed amount on a quarterly basis.
Annual remuneration is NT\$400,000.

Note2: Besides those disclosed in the above table, the remuneration received by Directors from all consolidated entities in recently years for providing service (Remunerations received as consultants for non-employees of the parent company/ of all companies/ transferred investment enterprises listed in the financial report, etc.)

Range of Remuneration

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

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

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

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

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

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

Note6: Refers to the amount of employee compensation (including stocks and cash) approved by the Board of Directors for managerial officers who are serving as directors in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year. In addition, the table 1-3 should be completed.

Note7: The total remuneration paid by all companies in the consolidated statements (including the Company) to directors must be disclosed. Note8: The total remuneration paid by the Company to General Manager and VP must disclose their name. Note9: The total remuneration paid by all companies in the consolidated statements (including the Company) to General Manager and VP must disclose their name.

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

Note11:

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

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

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

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

3-3-2、The remuneration paid to Supervisor: None because The Company has established Audit Committee instead of supervisor.

3-3-3、Remunerations Paid to General Manager and Vice President

Unit: NT thousands

Title	Name	Salary(A) (Note2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Remuneration from ventures other than subsidiaries or from the parent company (Note 9)
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)			
												Cash	Stock	
General Manager	Peng Ting-Yu	3,074	3,074	0	0	0	0	107	0	107	0	7%	3.47%	None
VP	Jeffery Peng													
VP	Amme_chou													

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

Range of Remuneration

Remuneration level of each General Managers and Vice President of the company	Name of General Managers and Vice Presidents	
	The Company(Note 6)	Companies in the consolidated financial statements (Note 7)E
Less than NT\$1,000,000		
NT\$1,000,000(inclusive) ~ NT\$2,000,000(exclusive)	Amme_chou / Peng Jeffery	Amme_chou / Peng Jeffery
NT\$2,000,000(inclusive) ~ NT\$3,500,000(exclusive)		

Note1: Names of General Managers and Vice Presidents shall be listed separately and individual payments made shall be disclosed through a summary. If the director is also a general manager or vice general manager, this table and the above table (1-1 or 1-2) shall be completed.

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

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

Note4 : Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for General Manager and VP in the amount and ratio distributed last year.

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

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

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

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

Note9 : a. Specify the amount of remuneration received by General Manager and VP from ventures other than subsidiaries

b. The remuneration amount received by General Manager and VP from ventures other than subsidiaries, the amount shall be included in E column and change its name of Column into all ventures.

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

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

3-3-4、Managerial officers with the top five highest remuneration amounts

Unit:NT\$ thousand														
Title	Name	Salary(A) (Note2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				(A+B+ C+ D) as a % of Net Income (%) (Note 8)		Compensation Paid to Directors from non-consolidated affiliates or parent company (Note 9)
		From the Company	From All consolidated Entities (Note5)	From Action	From All consolidated Entities (Note5)	From the Company	From All consolidated Entities (Note5)	From Action		From All consolidated Entities (Note5)		From the Company		
								Cash	Stock	Cash	Stock			
VP	Peng, Jeffery	1,394	0	0	0	0	0	0	0	0	1.52%	1.52%	None	
Head of Corporate Governance	Chelsea chen	850	0	0	0	0	0	0	0	0	0.93%	0.93%	None	
Accounting Officer	Huang Chun Lan	647	0	0	0	0	0	0	0	0	0.77%	0.77%	None	

Note: General Manager Peng Ting-Yu Upaid、VP Amme_chou、Financial Office Vincent Weng、Accounting manger May_Huang tenure less than one year。

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

Remuneration Paid to General Manger and Vice President

Remuneration level of each General Managers and Vice President of the company	Name of General Manager and VP	
	From the Company (Note 6)	From all consolidated Entities (Note 7)
Less than NT\$1,000,000	Chelsea chen/Hung chunlan	Chelsea chen/Hung chunlan
NT\$1,000,000 (Inclusive) ~2,000,000 (Exclusive)	Jeffery Peng	Jeffery Peng
NT\$2,000,000(Inclusive) ~3,500,000 (EXclusive)		

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

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

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

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

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

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

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

3-3-5、Information Regarding Remuneration paid to Directors,General Manager and Vice Presidents from All Entities in the Consolidated Financial Statements in the Most Recent Two Years:

1.Remuneration to Directors as a % of Net Profit after Tax

Unit : In NT thousands

Item	2022				2021			
	From the Company	as a % of net profit	From all consolidated Entities	as a % of net profit	From the Company	as a % of net profit	From all consolidated Entities	as a % of net profit
	amount		amount		amount		amount	
Remuneration to Directors	6,059	6.60%	7,326	7.98%	16,190	7.72%	24,973	11.91%
Remuneration to managerial officers	3,181	3.47%	3,181	3.47%	5,441	2.59%	8,221	3.92%
net profit after tax	91,774		91,774		209,601		209,601	

Note: The Company established the Audit Committee instead of supervisors approved by annual shareholders' meeting held on June 24,2014, therefore no remuneration paid to supervisors

2.Relationship between remuneration policies, standards, procedures for setting remuneration and operating performance

① Remuneration policy for directors: In accordance with Article 25 of the Company's of Articles Incorporation, the remuneration of the Chairman, Vice Chairman and directors shall be determined by the Board of Directors in accordance with the value of their participation in and contribution to the Company's operations, and with reference to domestic and international industry standards. The board of directors shall resolve the directors' transportation fees. Article 29 of the Company's Articles of Incorporation stipulates: If the Company makes a profit, it shall appropriate not more than 4% for the directors' remuneration; the independent directors shall not participate in the distribution, and the criteria for the contribution shall be assessed in accordance with the Company's operation and shall be considered and approved by the Remuneration Committee and then sent to the Board of Directors for approval. In addition, Article 6 of the "Rules Governing the Remuneration of Directors and Functional Committees" stipulates that independent directors shall be paid a fixed amount of compensation, quarterly, of NT\$400,000 per year, regardless of the Company's profit or loss, for the performance of their duties. The Company periodically evaluates the remuneration of directors in accordance with the "Board of Directors' Performance Evaluation Method", and the related performance evaluation and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors.

② Criteria for Managerial officers' remuneration, in order to effectively integrate organizational strategies, departmental objectives, company values (core functions) and employee actions, the Company may establish management rules for employee performance appraisal, stipulate various work allowances and bonuses, and sympathize and reward employees for their efforts in their work, the relevant bonuses shall be granted according to the company's annual operating performance, financial status, operational status and individual performance. In addition, if the Company makes a profit in the year, the Company shall allocate not less than 5% for the employees' remuneration in accordance with Article 29 of the Company's Articles of Incorporation, and the criteria for the allocation shall be assessed according to the Company's operation and approved by the Remuneration Committee and submitted to the Board of Directors for approval. The results of the performance evaluation conducted by the Company in accordance with the "Performance Management Regulations" shall be used as a reference for the bonus payment of the managerial officers.

③ Remuneration Procedures.

A. The remuneration of directors and managerial officers is evaluated periodically based on the evaluation results performed by the "Performance Evaluation Method of the Board of Directors" and the "Performance Evaluation Method" applicable to managerial officers and employees, respectively.

B. The Company's directors and managerial officers are evaluated and reviewed annually by the Remuneration Committee and the Board of Directors with reference to their individual performance and contribution to the Company, the overall performance of the Company's operations, the future risks and development trends of the industry, and the timely review of the remuneration system from time to time in light of the actual operating conditions and relevant laws and regulations, and the current trends in corporate governance, in order to strike a balance between sustainable operation and risk control. The actual amounts of compensation for directors and managerial officers are reviewed by the Remuneration Committee and submitted to the Board of Directors' meeting for decision.

④ Relationship to operating performance: Review of payment standards and systems related to the Company's remuneration policy. The Company's remuneration policy is based on the overall operating conditions of the Company, and is based on the achievement rate and contribution of the Company's performance, in order to enhance the effectiveness of the Board of Directors and the management team. In addition, we make reference to industry salary standards to ensure that our management's salary is competitive in the industry and to retain outstanding management personnel.

Names and distribution of management team assigned with employees' bonus

2023/04/27

Unit : In NT\$ thousand

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Total employees' profits sharing bonus to management team as a % of net income (%)
Managerial Officers	General Manager	Peng,Ting-Yu	0	228	228	0.25%
	VP	Peng,Jeffery				
	VP	Amme-chou				
	Financial Officers	Vincent-Weng				
	Accounting Officers	Huang chunlan				
	Head of Corporate Governance	Chelsea chen				

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

Note2 : Refers to the amount of employee compensation (including stock and cash)

Approved by the Board of Directors for managerial officers in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year. The net income after-tax refers to the net income after-tax in the standalone financial statements for the most recent year.

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

(1) General Managers and equivalent posts

(2) Vice President and equivalent posts

(3) Assistant VP and equivalent posts

(4) Head of Department of Finance

(5) Head of Accounting Department

(6) Other people handling corporate affairs and signature rights

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

3-4 、Implementation of Corporate Governance

3-4-1 、Operations of the Board of Director Meetings

A total of 5 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name(Note1)	Attendance in person (B)	By Proxy	Attendance rate in person (%) 【 B / A 】 (Note 2)	Notes
Chairman	Peng, Ting-Yu	5	0	100.00	1090615Reelected
Director	Peng, Chiun-Ping	4	1	83.33	1090615Reelected
Director	Chao, Teng-Pang	5	0	100.00	1090615Reelected
Director	Hsu, Wen-Tang	5	0	100.00	1090615Reelected
Director	Liu, Chiu-Chi	5	0	100.00	1090615Reelected
Director	Wen, Yu Mei	2	3	40.00	1090615New office assumed
Director	Peng, Hsiu-Yun	5	0	100.00	1090615New office assumed
Director	Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai, Jin Wan	5	0	100.00	1090615New office assumed
Independent Director	Tang, Peng-Chin	5	0	100.00	1090615New office assumed
Independent Director	Min, Kuei-Ling	5	0	100.00	1090615Reelected
Independent Director	Yen, Tzong-Ming	5	0	100.00	1090615New office assumed

Other matters to be recorded:None

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

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

Meeting Date (Session)	Contents of the motion and the resolution
29 March 2022 1st Board Meeting 2022	<p>Motion:</p> <ol style="list-style-type: none"> 1. To amend some of the provisions of the "Procedures for the Acquisition or Disposal of Assets for Disposal".. 2. The Company leased the right-to-use assets to its subsidiary, Realise Tech-Service Co., Ltd. 3. To amend certain provisions of the "Internal Control System" of the Company, as reviewed by the Audit Committee, by resolution of the Board of Directors. <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.
12 May 2022 2nd Board Meeting 2022	<p>Motion:</p> <ol style="list-style-type: none"> 1. The appointment of the company's Financial Officers, deliberation by the remuneration committee, resolutions of the board of directors. <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all directors present and approved the proposal without objection.
11 August 2022 3rd Board Meeting in 2022	<p>Motion:</p> <ol style="list-style-type: none"> 1. The Company's endorsement of the guarantee for its subsidiary "Far Year Construction Co." was reviewed by the Audit Committee and resolved by the Board of Directors.. 2. The Group's parent companies appointed PricewaterhouseCoopers Taiwan to audit their financial statements in 2022.. <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.
November 10, 2022 4th Board Meeting in 2022	<p>Motion:</p> <ol style="list-style-type: none"> 1. Far Year Construction Co. intends to sign a contract with "SAN MIN CONSTRUCTION DEVELOPMENT CO., Ltd, reviewed by the Audit Committee and resolved by the Board of Directors <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.
December 20, 2022 5th Board Meeting in 2022	<p>Motion:</p> <p>The appointment of the Company's head of accounting officer and the remuneration, reviewed by Audit Committee, and resolved by the Board of Directors.</p> <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.

Note: At least one independent director will be present in person at each of the Company's Board meetings in 2022

(2) Other than the foregoing, there are no other resolutions of the Board of Directors to which the independent directors have objected or reserved their opinions and which have been recorded or stated in writing: the independent directors of the Company have not objected to or reserved their opinions on the resolutions of the Board of Directors.

- 2、The implementation of the withdrawal of a director's interest motion shall state the name of the director, the content of the motion, the reasons for the withdrawal of interests and the voting situation: None.

3. Implementation of the self-assessment by the Board of Directors of the Company:

Evaluation cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Results
Once a year	Performance evaluation from 2022/01/01 to 2022/12/31	The Board of Directors	Internal Self-Evaluation by the Board	1.Level of involvement in the company's operations 2.Improving the quality of board decisions 3.Board Composition and Structure 4.Election of Directors and Continuing Education 5.Internal control 6.other	Good
Once a year	Performance evaluation from 2022/01/01 to 2022/12/31	The Board of Directors	Self-Evaluation by individual board members	1.Mastery of company objectives and tasks 2.Directors' awareness of their duties and responsibilities and their involvement in the Company's operations. 3.Internal relationship management and communication. 4.The directors' professional and continuing education. 5.Internal control	Good

*The evaluation results are reported to the 20230314 Board of Directors

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

(1) The company's board of directors has established an audit committee and a salary and remuneration committee, and other new functional committees will be set up in

due course in the future.

(2) When the company convening the meeting of the board of directors, report the current business status of the company to the directors and prepare relevant materials for the proposal. Directors need to further understand the proposal and have relevant personnel to provide information and explanations in a timely manner.

(3) Actively provide information on various refresher courses to encourage directors to actively participate in various corporate governance courses.

3-4-2、Operations of the Audit Committee: Audit Committee established by the resolution of BOD in 2014 and 3 Independent Directors are members of Audit Committee

The Audit Committee met 5 times (A) in the latest year. Attendance of independent directors in the meetings is as follows:

Title	Name(Note1)	Attendance in person(B)	By Proxy	Attendance rate in person (%) 【 B / A 】 (Note 2)	Remark
Independent Director	Tang Peng-Chin	5	-	100.00	1090615New office assumed
Independent Director	Min Kuei-Ling	5	-	100.00	1090615New office assumed
Independent Director	Yen Tzong-Ming	5	-	100.00	1090615New office assumed

Other mentionable items :

1、If the operation of the audit committee falls under any of the following circumstances, the meeting date of the audit committee, the period, the content of the proposals, the independent directors' objections, reservations or major recommendations, the results of the audit committee's resolutions, and the company's response to the audit committee shall be stated. Handling of comments.

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

Meeting Date (Session)	Contents of the motion and the resolution
29 March 2022 First Audit Committee	1.Motion to review the 2021 Business Report and Financial Statements (including the Consolidated Statements). 2. Surplus distribution case for 2021. 3. 2021 Internal Control Statement Resolution. 4.Overdue accounts receivable, other receivables, prepayments and refundable deposits 5. Revise some provisions of the "Internal Control System" and "Internal Audit Implementation Rules" of the Company. 6. The Company amended some provisions of "Procedures for the Acquisition or Disposal of Assets" ●Independent directors' opinion: No objection or unqualified opinion. ●The Company's treatment of the independent directors' opinion: Not applicable. ●The Chairman consulted all Directors present and approved the proposal without objection.

Meeting Date (Session)	Contents of the motion and the resolution
12 May 2022 Second Audit Committee	<ol style="list-style-type: none"> 1. Overdue accounts receivable, other receivables, prepayments and refundable deposits 2. The appointment of the company's Financial Officers, deliberation by the remuneration committee, resolutions of the board of directors. <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.
11 August 2022 Third Audit Committee	<ol style="list-style-type: none"> 1. The Company's endorsement of the guarantee for its subsidiary "Far Year Construction Co." was reviewed by the Audit Committee and resolved by the Board of Directors.. 2. The Group's parent companies appointed PricewaterhouseCoopers Taiwan to audit their financial statements in 2022. <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.
10 November 2022 Fourth Audit Committee	<ol style="list-style-type: none"> 1. Amended certain provisions of the "Rules of Procedure of the Board of Directors Meeting" of the Company.. 2. The Remuneration Committee reviewed and the Board of Directors approved the subsidiaries 2021 distribution of employee remuneration for managerial officers. <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.
20 December 2022 Fourth Audit Committee	<ol style="list-style-type: none"> 1. The appointment of the Company's head of accounting officer and the remuneration, reviewed by Audit Committee, and resolved by the Board of Directors. 2. Amendments to certain provisions of the Company's "Procedures for Handling Significant Internal Information". <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.

Note: At least one independent director will be present in person at each of the Company's Board meetings in 2022.

- 2、The implementation of the withdrawal of a director's interest motion shall state the name of the director, the content of the motion, the reasons for the withdrawal of interests and the voting situation: None.

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

(1). The communication between independent directors and internal audit supervisors:

- (a) Independent directors review internal audit operations and audit tracking progress and reports every month.
- (b) Internal audit reports to independent directors in the audit committee quarterly, fully communicates the execution and effectiveness of the audit operation, and answers inquiries on issues of concern to independent directors.

The communication situation is as follows:

Meeting date	Nature and content of communication subject	Independent Director's Suggestion
March 29, 2022	Report on the implementation of internal audit operation in Q4 of 2021.	The independent directors have no opinions and no suggestions.
May 12, 2022	Report on the implementation of internal audit operation in Q1 of 2022.	The independent directors have no opinions and no suggestions.
August 11, 2022	Report on the implementation of internal audit operation in Q2 of 2022.	The independent directors have no opinions and no suggestions.
November 10, 2022	Report on the implementation of internal audit operation in Q13of 2022..	The independent directors have no opinions and no suggestions.

(2). Communication between independent directors and accountants:

Meeting date	Nature and content of communication subject	Independent Director's Suggestion
Novmber 23 , 2022	The accountant communicates with the corporate governance unit on the 2022 audit planning issues, and communicates the key issues of corporate governance and financial reporting audit.	The independent directors have no opinions and no suggestions.
March 29, 2022	The auditor's annual financial report audit is performed in accordance with the directors' opinion plan. The auditor communicates with the members of the board of directors and discusses issues related to corporate governance after the execution of the audit, risk assessment, and critical matters.	The independent directors have no opinions and no suggestions.

3-4-3、Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”

Assessment Items	Implementation Status(Note1)		Non-implementation and its reasons
	Yes	No	
1. Does Company follow “Taiwan Corporate Governance Implementation” to establish And disclose its corporate governance practices?	√	<p>The company has not formulated the “Taiwan Corporate Governance Implementation” but has established a complete company .The governance structure is as shown in 3-1 Echo Group Organizational System Chart. Each unit implements business and operation according to the functions and regulations of the Code of Practice for Corporate Governance. The key points of implementation are:</p> <p>1. Establish an effective corporate governance structure, protect the rights and interests of shareholders, strengthen the functions of the board of directors, exert the functions of the audit committee, respect the rights and interests of stakeholders, and enhance information transparency.</p> <p>2. The relevant provisions of the Code of Practice for Corporate Governance, such as internal control system, subsidiary supervision and management measures, and rules of procedure for board meetings, are all handled in accordance with the provisions of the Code of Corporate Governance, so there is no difference from the "Code of Practice for Corporate Governance for IPO & OTC Companies".</p>	None
2.Shareholding Structure & Shareholders'Equity (1)Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly (2)Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3)Has the Company built and executed a risk management system and “firewall” between	√	<p>(1) The company has formulated internal major information handling procedures and measures, and has spokespersons and legal personnel to handle shareholder's suggestions and disputes, all of above can resolve shareholder issues.</p> <p>(2) The Company reports changes in insider shareholdings on a monthly basis in accordance with the law, keeps track of the shareholdings of the Company's directors and major shareholders holding 10% or more of the shares, and the list of major shareholders and ultimate controllers through the historical shareholders' register. The stock and investor relations unit maintains good interaction with major shareholders and is aware of important issues that may cause changes in shares.</p> <p>(3) The operation, business, and financial transactions between the</p>	<p>None</p> <p>None</p> <p>None</p>

Assessment Items	Implementation Status(Note1)		Non-implementation and its reasons
	Yes	No	
the Company and its affiliates? (4)Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		company and the affiliated companies are all formulated operation management methods, and facilitate to establish the internal control system, and the duties, powers and accountabilities of the company and the affiliated companies are clearly divided, and appropriate firewall of risk assessments are constructed. (4) In 2022, the board of directors of the company passed the "internal material information processing and insider transaction processing procedures", will prevent insider trading management measures and prohibit insiders and managers from using undisclosed information on the market. The above-mentioned management measures have been posted on the company's official website. None
3.Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	V		(I)accordance with the "Rules for Assignment of Directors", the Company stipulates that directors should possess knowledge and experience, character and integrity, and have no negative image, and the appointment of directors shall be approved by the board of directors. The directors shall be appointed to perform the functions of the board of directors, propose changes in the powers and duties conferred by the articles of incorporation to facilitate the development of the Company's operations, and formulate a diversity policy for the board of directors in accordance with the "Code of Corporate Governance Practices" . (II)accordance with the "Code of Practice for Corporate Governance", the company formulates and implements a diversified policy for the members of the board of directors, and the situation that individual directors implement the diversified implementation of the board: According to the company's operations and directors' expertise, the groupings are as follows: 1. Directors of the management and leadership decision-making group: Chairman Peng Ting-yu, Directors Peng chiun-ping, Chao Teng-Tang, Hsu Wen-tang, Liu Chiu-chi, Wen Yu-mei, Peng Hsin-Yun, Tsai Jin Wan, etc., hold monthly management committees to discuss improvement measures based on operating results and performance. Make records and track the situation of improvements. 2. Directors of Industry Knowledge and Financial Accounting Group: Chairman Peng Ting-yu, Directors Peng Chiun-Ping, Chao Teng-Tang, Hsu Wen-tang, Liu Chiu-Chi, Wen Yu-mei, Peng Hsin-yun, Tsai Jin Wan, etc.

Assessment Items	Implementation Status(Note1)		Non-implementation and its reasons
	Yes	No	
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	V	<p>3. Establish a promotion group for asset activation, led by director Peng Chiun-ping, with members including Chao Teng-Tang, Wen Yu-mei, Tsai Jin Wan etc., to review the promotion situation monthly. Conduct monthly financial analysis on the financial statements of each unit, international industry changes form, put forward operational crisis management, and improve operations .</p> <p>4. The three independent directors of the company are members of the Audit Committee and the Remuneration Committee, each with financial , accounting, personnel management, industry and other professional knowledge and experience, review the Group's operating performance quarterly, and implementation of various internal controls, and propose contingency measures for business processing and strengthen the role of independent directors. able to implement the internal monitoring mechanism.</p> <p>5. The composition of the board of directors of the company is based on the "Corporate Governance Code", paying attention to gender equality and generally possessing the knowledge, skills and literacy necessary for performing duties; currently there are eight directors, three independent directors, 9% of employees, and 36% of female members.</p>	
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	V	<p>(II) The company has established a Salary and Remuneration Committee, an Audit Committee, and other functional committees. Other functional committees have not yet been planned by the company. They will be set up based on the company's operating scale and needs.</p> <p>(III) The company's board of directors passed the "Performance Evaluation Measures" in November 2020 and selected the head of corporate governance to conduct regular evaluations on directors' performance every year since 2020. The evaluation results will be reported to the board of directors in March Per Year and used in the "Directors and functional committee remuneration payment method" for reference.</p>	None
(4) Does the Company regularly evaluate its external auditors' independence?		<p>(IV) The company regularly evaluates the independence of certified accountants every year and submits it to the audit committee for review and the board of directors for approval. On March 29, 2022, the company evaluated the independence of PricewaterhouseCoopers, Taiwan , and its evaluation items as follows:</p>	None

Assessment Items	Implementation Status(Note1)				Non-implementation and its reasons	
	Yes	No	Explanation			
			Evaluation Items	Result		independence
V			1. Not hired by the company or any related enterprise.	No	Yes	
			2. Not a director or supervisor of the company or any its affiliates.	No	Yes	
			3. Not themselves, their spouse, minor children or with other natural person shareholders who hold more than 1% of the total issued shares of the company or the top ten shareholders.	No	Yes	
			4. Not a spouse, Second-class relatives, or immediate family members within the third class of the person listed in 1~3.	No	Yes	
			5. Not a director, supervisor or employee of a legal person shareholder who directly holds more than 5% of the total issued shares of the company, or a director, supervisor or employee of the top five shares holding among legal person shareholders.	No	Yes	
			6. Not Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a specific company or organization that does not have financial or business dealings with the company.	No	Yes	
			7. Not a spouse or relative relationship with other directors.	No	Yes	
			8. There is no one of the conditions in Article 30 of the Company Law.	No	Yes	
			9. Not a representative of government, legal person or elected by the company as stipulated in Article 27 of the Company Law.	No	Yes	
			10. Not in a position palying the company's directors, managers or may have significant influence on auditing cases within two years.	No	Yes	
			11. Shall not be involved in the management function of the company for decision making.	No	Yes	
			12.The term of appointment of a certified accountant has not exceeded 7 consecutive years.	No	Yes	

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Explanation	
4、Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)? an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?			IV. The board of directors of the company has approved and elected the "Corporate Governance Chief Coordinating Related Business" to be responsible for matters related to corporate governance in November 2020, information required by directors and independent directors, information required to assist directors in performing business, and to hold a meeting of board of directors and co-work with related matters of shareholder meetings in accordance with the laws and regulations, etc.	None
5、Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the	V		(I) The company has set up an investor area on the company website, instructing to communicate with stakeholders including investor relations, stock affairs, etc.; and provide spokesperson contact information on the website to appropriately respond to the concerning issues of stakeholders (including original manufacturer/ upstream suppliers, customers, shareholders/investors/banks, media, employees...) to set up a smooth communication channel. (II) There are communication channels for employees in the company's team, and employees can express their opinions via email or in written.	None

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Explanation	
Company respond to stakeholders' questions on corporate responsibilities?				
6、Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The company appointed Stock Affairs Agency of Yuanfa Securities Co., Ltd. to handle stock affairs.	None
7、Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The company has set up a website to disclose the company's overview and financial information, and has dedicated personnel responsible for data maintenance and update. Company Website: http://www.action.com.tw	None
(2) Does the Company use other information disclosure channels (e.g. maintaining	V		(2) The company has set up spokespersons and acting spokespersons in accordance with the regulations, and designated dedicated personnel to collect company information, and be responsible for the disclosure of significant company information, and update the public information on the Market Observation Post system (MOPS) on time. (Currently, the company has not yet set up an English website)	None
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V		(3) to the large number of overseas subsidiaries held by the Company, the Company was unable to announce and report the annual financial statements within two months of the end of the fiscal year for 2022 in order to cooperate with each subsidiary to complete the consolidated financial statements, but the Company has cooperated with the law to announce and report the annual financial statements 75 days before the end of the fiscal year for 2022 and will aim to announce the financial statements within two months from now on. The Company announces the first, second and third quarterly financial reports 45 days before the end of each quarter, and the Group's revenue, capital loans, endorsements and guarantees, and the execution of derivatives by the 10th of each month according to the regulations.	None
8、Has the Company disclosed other information to facilitate	V		1. Employees' rights and interests: The company abides by labor laws and regulations, and the appointment and dismissal, transfer, salary, rewards and	None

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

Assessment Items	Implementation Status(Note1)			Non-implementation and its reasons
	Yes	No	Explanation	
			2018, and it has been upgraded to USD 5 million from May 2022.	
IX. Please explain the improved situation regarding the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year, and propose priority of strengthening items and measures for those that have not improved. (Those which are not included in the assessed company have no need to fill in) The 6th Corporate Governance Appraisal (2021 appraisal year) The improvement of the company's unscored items is described as follows:				
Index content	Whether to improve		Description for those items haven't been improved	
Whether the Company has established and disclosed on the Company's website the internal rules and practices that prohibit insiders, such as directors or employees, from profiting from information not available in the marketplace.	Yes		The Company has revised the Rules Governing the Handling of Significant Internal Information and Insider Trading, and has made annual announcements to internal management units and insiders in the Board of Directors' meetings and by way of Mail, which have been posted on the Company's official website.	
Does the company have a corporate governance officer in charge of corporate governance-related matters, and does he/she state the scope of duties, responsibilities and training status on the company's website and annual report?	Yes		The Company established a corporate governance officer in accordance with the board of directors' approval in 2020, whose main responsibilities are to handle matters related to the board of directors' and shareholders' meetings, prepare meeting agendas and minutes, provide information necessary for directors to perform their duties, and assist directors in complying with laws and regulations. 12 hours of training per year as required by law, and the status of the training have been reported on the MOPS.	

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

Note 2: The self-assessment report on corporate governance refers to that the company evaluates and describes current operation and implementation status in the respective evaluation items by itself in accordance with self-assessment items of corporate governance.

3-4-4 Composition, Responsibilities and Operations of the Remuneration Committee

1. Information Regarding the Members of the Remuneration Committee

Criteria Name	Professional Qualifications requirements and work experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Min Kuei-Ling (Independent Director))	The Company's Remuneration Committee consists of three independent directors. Please refer to "3-2-4 Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" in this annual report for the professional qualifications and experience of the members	1. Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates. 2. Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company, 3. Not a director or supervisor of the company or any of its affiliates. 4. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.	
Tang Peng-Chin (Independent Director))	The Company's Remuneration Committee consists of three independent directors. Please refer to "3-2-4 Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" in this annual report for the professional qualifications and experience of the members	1. Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates. 2. Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company, 3. Not a director or supervisor of the company or any of its affiliates. 4. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.	3
Yen Tzong-Ming (Independent Director))	The Company's Remuneration Committee consists of three independent directors. Please refer to "3-2-4 Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" in this annual report for the professional qualifications and experience of the members	1. Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates. 2. Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company, 3. Not a director or supervisor of the company or any of its affiliates. 4. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.	1

Note 1: Please specify the relevant years of service, professional qualifications and work experience, and independence of each member of the Remuneration Committee in the form and, in the case of an independent director, provide a note stating the relevant information in Exhibit I (I) of Schedule 1 on page 47. Please indicate whether the member is an independent director or other (if the member is the

convenor, please add a note).

Note 2: Professional Qualifications and Work Experience: Describe the professional qualifications and experience of the individual Remuneration Committee.

Note 3: Compliance with independence: describe the compliance with independence of the members of the salary and Remuneration Committee, including but not limited to whether I, my spouse and relatives within the second degree are directors, supervisors or employees of the company or its affiliated enterprises; The number and proportion of shares held by myself, spouse, second degree relatives (or in the name of others); whether to serve as a director, supervisor or employee of a company with a specific relationship with the Company (with reference to the provisions of subparagraphs 5-8, paragraph 1, Article 6 of the regulations on the establishment and exercise of functions and powers of the salary and Remuneration Committee of companies listed on the stock market or traded on the over-the-counter securities market); the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliated enterprises in the last two years.

Note 4: Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

2 、 Operations of the Compensation Committee

1 、 The Remuneration Committee composed of 3 members

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

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

Title	Name	Attendance in person(B)	By Proxy	Attendance rate in person (%) (B/A)(Note)	Remark
Chairperson	Min, Kuei-Ling	5	0	100.00	109/06/15New office assumed
Member	Tang, Peng-Chin	4	1	100.00	109/06/15New office assumed
Member	Yen, Tzong-Ming	5	0	100.00	109/06/15New office assumed

Other mentionable items:

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

(1) If a member of the Remuneration Committee leaves the Company prior to the end of the year, the date of departure shall be indicated in the Remarks column, and the actual attendance rate (%) shall be calculated based on the number of meetings of the Remuneration Committee and the actual attendance during the member's employment.

(2) Before the end of the year, if there is a re-election of the salary and Remuneration Committee, the new and old members of the salary and Remuneration Committee shall be filled in, and the date of the former, new or re-election and re-election of the member shall be indicated in the remark column. The actual attendance rate (%) is calculated based on the number of meetings of the salary and Remuneration Committee and their actual attendance during their employment.

Meeting Date (Session)	Contents of the motion and the resolution
29 March 2022 First time assembly of Salary and Compensation Committee	1. 2021 Annual employee remuneration and director remuneration distribution plan.
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The company's opinion on the compensation and remuneration committee was consulted by the chairman of all directors present due to legal reasons. The source is inappropriate, please re-apply.
12 May 2022 second time assembly of Salary and Compensation Committee	1. Distribution of directors' remuneration in 2022. 2. The appointment of the company's managers, deliberation by the remuneration committee, resolutions of the board of directors 3. The appointment of the company's Financial Officers, deliberation by the remuneration committee, resolutions of the board of directors
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The Company's opinion on the Salary and Remuneration Committee was approved by the ●Chairman after consultation with all Directors present without objection.
11 August 2022 Third time assembly of Salary and Compensation Committee	1. The remuneration proposal for the appointment of managers of subsidiaries was reviewed by the Remuneration Committee and resolved by the Board of Directors..
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The Company's opinion on the Salary and Remuneration Committee was approved by the Chairman after consultation with all Directors present without objection.
November 10, 2022 Forth time assembly of Salary and Compensation Committee	1. The Remuneration Committee reviewed and the Board of Directors approved the subsidiaries 2021 distribution of employee remuneration for managerial officers.
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The Company's opinion on the Remuneration Committee was approved by the Chairman after consultation with all Directors present without objections.

Meeting Date (Session)	Contents of the motion and the resolution
December 10, 2022 Forth time assembly of Salary and Compensation Committee	1. The Remuneration Committee reviewed and the board of directors resolved the proposal of the 2021 distribution of employee remuneration for managerial officers. 2. The appointment of the Company's head of accounting officer and the remuneration, reviewed by Audit Committee, and resolved by the Board of Directors.
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The Company's opinion on the Remuneration Committee was approved by the Chairman after consultation with all Directors present without objections.

3-4-5. Information on the members of the nomination committee and information on their operation: the company does not set up a nomination committee.

3-4-6 、Fulfillment of ESG and Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies"

Evaluation Item	Implementation Status(Note1)		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
1 、 Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		<p>Abstract Explant Item</p> <p>1. The company established the Foundation of Technology Culture and Education of Action to fulfill its corporate social responsibility and promote cultural and educational public welfare activities to give back to the society. In addition to the combination of technology and humanities, talent training, elite awards, care for disadvantaged groups, as well as the promotion of culture, education and public welfare activities.</p> <p>2. Sponsor or promote various charity activities from time to time, and call on employees to participate together, and regularly report to the board of directors on the implementation and operational results.</p> <p>3. Social care: Sponsor on the fund-raising concert of Ruth Special Education School in Taoyuan district, as well as the fundraising of nutritious lunches and educational funds for students.</p> <p>4. Public welfare activities: Health seminars including "Instructions for the Rehabilitation and Treatment of Bone and Jointure for the Aged", "Health Food for Common Acupoints", "Experiences on Gastroesophageal Reflux Treatment" and other seminars will be held to share new knowledge and concepts of health and technology with the public.</p> <p>In 2022, Dr. Chen Liangyu, Taipei Veterans General Manager, was invited to give a lecture on "It is essential to improve dizziness The second and third events" were well received by the audience, and the company will continue to hold various health lectures etc.</p> <p>5. For the sustainable development of the company, s is established in accordance with the laws and regulations, and implemented Related Matters.</p>

Evaluation Item	Implementation Status(Note1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Abstract Explant Item	
2、Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?		V	I. The company upholds the business philosophy of "integrity, quality, service, innovation" and the principle of significance. While pursuing sustainable business and profitability, the company fulfills corporate social responsibility, attaches importance to the rights and interests of stakeholders, and pays attention to the environment, society and corporate governance. And incorporate them into the company's management policies and operating activities to achieve the goal of sustainable operation.	None
3、Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V V		(I) The company's home appliance products are entrusted to logistics companies for delivery. In addition to the delivery timeliness, in order to effectively prevent and control environmental pollution, logistics companies are required to adhere to high-quality management models on KPI and SOP and pay attention to environmental cleanliness. (II) In recent years, energy shortage, man-made damage to the ecological environment and the carbonization of the earth have become increasingly serious. The Company continues to promote energy saving and carbon reduction measures to cope with the impact of environmental changes. 1.Introduction of energy-saving office equipment: Energy-saving and high-efficiency LED lighting fixtures are used, and heat-sensor lighting devices are installed in public areas and offices to effectively reduce electricity consumption. Air conditioning and lighting equipment are switched off daily at work and during lunch break to avoid unnecessary energy waste. 2.Resource Utilization and Recycling (1) Office resource reuse: The office can recycle and disassemble and reuse resources, including information computer equipment and parts, and	None None
(3)Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future		V		

Evaluation Item	Implementation Status(Note1)		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	
<p>of its business, and take appropriate action to counter climate change issues?</p> <p>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</p>		<p>V</p>	<p>None</p>
			<p>None</p>

Evaluation Item	Implementation Status(Note1)		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
occupational health and safety, or labor and human rights? If so, describe the results.			<p>management system and occupational safety and health management system. The production plants of production are operated according to the prescribed management system, which effectively improves the replacement and improvement of equipment, energy saving, and enhances the overall improvement energy.</p> <p>In order to protect the rights and interests of customers, the company has set up a maintenance service station contact window, an email address, and a stakeholder section to provide a channel for customers to enquire, complain or suggest factories, and the company upholds the principle of honesty and trust to handle and give feedback appropriately to protect the rights and interests of customers. There is also product liability insurance to protect consumer rights.</p> <p>(VI) The company has set up a "Supplier Control Procedure" for the management of suppliers, which focuses on ensuring quality and product safety, and conducts regular and irregular audits on all suppliers with transactions, quality management and hazardous substance management. Assess the environmental protection, safety and health management system and performance of important suppliers, and use the company's influence to promote environmental protection and safety management on the company's major suppliers through the management of the supply chain to ensure that the suppliers comply with environmental protection, Safety and health related laws and regulations.</p> <p>None</p>
5、Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate Sustainable Development reports? Do the reports above obtain assurance from a third party verification unit?		V	None

Evaluation Item	Implementation Status(Note1)		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
Abstract Explant Item			
6、Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:None			
7、Other useful information for explaining the status of corporate Sustainable Development practices:None			
<p>Note 1:If the operational status is checked "Yes," please explain the important policies, strategies, measures and implementations adopted. If the operational status is checked "No," please explain the reasons and explain the plan to adopt related policies, strategies and measures in the future.</p> <p>Note 2: The principle of materiality refers to those who have significant environmental, social and corporate governance issues that have a significant impact on the company's investors and other stakeholders</p> <p>Note3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.</p>			

3-4-7 The implementation status of integrity management and the differences and reasons for the integrity management code of listed companies

Evaluation Items	Operation status (Note 1)		The differences and reasons for the integrity management code of listed companies
	Yes	No	
<p>I. Formulate integrity operation policies and projects</p> <p>(I) Does the company formulate an integrity operation policy approved by the board of directors, and clearly specify the integrity operation policy and practice in regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the operation policy?</p>	V		<p>(I) The company has not formulated the "Code of Integrity Operation". The company's business philosophy and policy: with "The six spirits of enthusiasm, character, service, action, innovation, and return, etc; the definition is full of ideas, love for work, self-discipline, rigorous pursuit of truth and perfect, achieve work goals whatever they set, consistent with words and deeds, and don't make excessive promises; face problems bravely, don't make false or untrue explanations or prevarication; abide by company regulations and social norms, and handle internal and external relations with high ethical standards." Integrity management Philosophy, senior management and the board of directors are responsible for supervision to create a sustainable business environment for the company.</p>
<p>(II) Whether the company has established a risk assessment mechanism for dishonest conduct, regularly analyzes and evaluates business activities with a higher risk of dishonest conduct in the business scope, and formulates a plan to prevent dishonest conduct,</p>	V		<p>(II) The "Code of Ethical Conduct" formulated by the company requires that the ethical behavior of directors and managers prevent conflicts of interest, avoid opportunities for personal gain, confidentiality obligations, fair transactions, protect and appropriately use company assets, comply with laws and</p>
			No significant difference

3-4-10 、Continuing Education/Training of Directors and Independent Directors and Accounting Officer in 2021 :

Title	Name	Date of Appointment	Training Date	Organizer	Course Name	Training Hours
Director	Liu, Chiu-Chi	2011.06.24	2022/10/18 2022/10/19	Securities and Futures Institute(證基會)	The legal risks and responses of directors and supervisors from major corporate fraud cases How do directors and supervisors oversee the establishment and promotion of a sound risk management system	3 Hours 3Hours
Director	Peng, Shiu-Yun	2020.06.15	2022/12/09 2022/12/20	Accounting Research Development Foundation Straits exchange Foundation(海基會)	Legal Liability and Cases Related to "Competition for Management Rights" of Companies Analysis of "Company Directors and Supervisors governance management seminar"	3 Hours 3 Hours
Director	Wen,Yu-Mei	2020.06.15	2022/12/09 2022/12/20	Accounting Research Development Foundation Straits exchange Foundation(海基會)	Legal Liability and Cases Related to "Competition for Management Rights" of Companies Analysis of "Company Directors and Supervisors governance management seminar"	3 Hours 3 Hours
Independent Director	Min, Kui-Ling	2020.06.15	2022/03/17 2022/05/11	Securities and Futures Institute	Risks and opportunities of climate change and energy policy trends for business operations The latest practice of insider trading in R.O.C and the way to prevent and respond to enterprises	3 Hours 3 Hours
Independent Director	Tang Peng-jin	2020.06.15	2022/10/27 2022/03/09	Taiwan Corporate Governance Association Taiwan Institute Of Directors	Equity planning and organizational design for start-up companies Leadership Academy Forum: Rebooting in the New Reality - Seeing the New Digital Taiwan	3 Hours 3 Hours
Independent Director	Yen, Tsong-ming	2020.06.15	2022/06/10 2022/10/19	Securities and Futures Institute Professional Management Association of Hsinchu	2022 Insider Trading Prevention Seminar Insider Trading Prevention and Case	3 Hours 3 Hours

Title	Name	Date of Appointment	Training Date	Organizer	Course Name	Training Hours
Head of Corporate Governance	Chelsea chen	2021.01.01	2022/10/18 2022/10/21 2022/11/03	Securities and Futures Institute	Corporate mergers and acquisitions are merger-centric	3H
					Money Laundering Prevention and Counter Information Terrorism Practical Study	3H
					Introduction to insider trading by company insiders and analysis of actual cases	3H
					Corporate Governance 3.0 from a Prosecutor Perspective	3H
Accounting Officers	Huang chun Lan	2021.08.11	2022/03/14 2022/03/15 2022/03/21 2022/03/23	Accounting Research Development Foundation	1.Fraudulent Financial Reporting and Liability of Accounting Executives	3H
					2.Exploring IAS 15 Customer Contract Revenue Analysis	3H
					3.Common Mistakes with IFRS Financial Reporting Related Standards Amendments	3H
					4.Financial performance measurement and capital investment strategy	3H
					5.Effect of Changes in IAS 21 Exchange Rates	3H
					6.Accounting executives' understanding in key issues and countermeasures	3H
					7.Overview of Corporate Governance and Capital Market Development in R.O.C	3H
					8.Analysis of IFRS regulations related to the preparation of consolidated statements	3H
					9.Examples of insider trading and analysis of legal liability	3H
					10.IFRS development status with key directional issues	3H

3-4-11、Matters that should be disclosed in the implementation of the internal control system:

1. Statement of Internal Control

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

Date: March 14, 2023

Based on the results of self-check on the internal control system of the company in 2022, we hereby declare as follows:

- I. The company is sure that the establishment, implementation and maintenance of the internal control system is the responsibility for board of directors of the company and managers, and the company has established this system. Its purpose is to achieve the objectives of operation effectiveness and efficiency (including profit, performance and asset safety, etc.), reporting reliability, timeliness, transparency, compliance with relevant laws and regulations, and provide reasonability to ensure.
- II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once the defect is identified, the company will take corrective action.
- III. The company judges whether the design and implementation of the internal control system are effective in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Handling Guidelines for the Establishment of an Internal Control System by Public Offering Companies" (hereinafter referred to as the "Handling Guidelines"). The judgment items of the internal control system adopted in the "processing criteria" are based on the process of management control, which divides the internal control system into five components: 1. control environment, 2. risk assessment, 3. control operations, 4. Information and communication, and 5. Supervision. Each component includes several items. For the aforementioned items, please refer to the "Handling Guidelines".
- IV. The company has adopted the above-mentioned internal control system judgment items to check the effectiveness of the design and implementation of the internal control system.
- V. Based on the inspection results of the preceding paragraph, the company believes that the company's internal control system (including supervision and management for subsidiaries) as of December 31, 2021, includes understanding the effectiveness of operations and the extent to which the efficiency targets are achieved. The design and implementation of the internal control system that reporting is reliable, timely, transparent and complied with relevant laws and regulations are effective, which can reasonably ensure the achievement of the above objectives.
- VI. This statement will become the main content of the company's annual report and public prospectus, and will be published. If there are false or concealed content in the above disclosure, it will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Law.
- VII. This statement was approved by the company's board of directors on March 14, 2023. Among the 11 directors present, 0 of them held objections, and all of them agreed with the content of this statement and made this statement.

Action Electronics Co., Ltd

Chairman of the board : Peng,Ting Yu

General Manager : Peng,Ting Yu

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

3-4-12、In the most recent year and as of the publication date of the annual report, the company and its internal personnel have been punished in accordance with the law, the company has imposed penalties on its internal personnel for violating the provisions of the internal control system, and if the results of the penalties may have a significant impact on the rights and interests of shareholders and the price of securities, the content of the punishment, main deficiencies and improvements shall be listed: none.

3-4-13、Important resolutions of the shareholders meeting and board of directors in the most recent year and as of the printing date of the annual report:

1. (1) Important Resolutions of the 2022 Annual General Meeting of Shareholders

Date	Conference Name	Important Resolutions
2022.06.24	2022 Annual General Meeting of Shareholders	First, Recognition matters I、Recognize the 2021 Business Report and Financial Statement case. II. Recognition of the Profit Distribution Table for 2021.

(2) Review of the implementation of important resolutions of the 2022 shareholders' meeting

Date	Important Resolutions
1. Recognition of the 2021 business report and financial statement proposal	After being approved by the shareholders' meeting, it will be announced in the Market Observation Post Station (MOPS) in accordance with regulations.
2. Recognition of the Profit Distribution Table for 2021	After being approved by the shareholders' meeting, it will be announced in the Market Observation Post Station (MOPS) in accordance with regulations. The distribution of cash profit dividends to shareholders was completed in August 2022.

2. Important resolutions of the board of directors

Date	Name of the meeting	Important resolutions
2022.03.29	1st Board Meeting in 2022	1. 2021 Business Report and Consolidated Financial Statements and Recognition of Individual Financial Statements. 2. Recognition of surplus distribution in 2021. 3. 2021 Employees' remuneration and directors' remuneration distribution, the resolution will be paid in cash. 4. The agenda of the 2022 Annual General Meeting of Shareholders and the acceptance of proposals from shareholders holding 1% of the shares and other related matters. 5. The Company periodically evaluates the independence of the certifying accountant. 6. Board resolution on the extension of bank loans for the first half of 2022. 7. Overdue accounts receivable, other receivables, prepayments and refundable deposits are considered by the Audit Committee and resolved by the Board of Directors. 8. To amend some of the provisions of the "Procedures for the Acquisition or Disposal of Assets for Disposal". 9. Amended the Group Business Plan 2022. 10. The Company leased the right-to-use assets to its subsidiary, Realise Tech-Service Co., Ltd. 11. Statement of Internal Control for 2021, Audit Committee Review, Board Resolution. 12. To amend certain provisions of the "Internal Control System" of the Company, as reviewed by the Audit Committee, by resolution of the Board of Directors.

Date	Name of the meeting	Important resolutions
2022.05.12	2nd Board Meeting in 2022	<ol style="list-style-type: none"> 1. Report on the consolidated financial statements of the group in the first quarter of 2022. 2. Distribution of directors' remuneration in 2022. 3. The appointment of the company's managers, deliberation by the remuneration committee, resolutions of the board of directors 4. The appointment of the company's Financial Officers, deliberation by the remuneration committee, resolutions of the board of directors 5. Overdue accounts receivable, other receivables, prepayments, deposits, etc.
2022.08.11	3rd Board Meeting in 2022	<ol style="list-style-type: none"> 1. Report on the Group's Consolidated Financial Statements for the Second Quarter of 2022. 2. The Company establishes the criteria for significance of uncollected amounts beyond the normal credit period of three months and decides whether the amount is a loan of funds. 3. The bank financing rollover case in the second half of 2022. 4. The Company's endorsement of the guarantee for its subsidiary "Far Year Construction Co.Ltd" was reviewed by the Audit Committee and resolved by the Board of Directors. 5. The Group's parent companies appointed PricewaterhouseCoopers Taiwan to audit their financial statements in 2022. 6. The remuneration proposal for the appointment of managers of subsidiaries was reviewed by the Remuneration Committee and resolved by the Board of Directors.
2022.11.10	4th Board Meeting in 2022	<ol style="list-style-type: none"> 1. The Company reported consolidated financial results for the third quarter of 2022. 2. Amended certain provisions of the "Rules of Procedure of the Board of Directors Meeting" of the Company. 3. Amended some provisions of the "Regulations Governing the Preparation of Financial Statements" of the Company. 4. Far Year Construction Co. intends to sign a contract with SAN MIN CONSTRUCTION DEVELOPMENT CO., reviewed by the Audit Committee and resolved by the Board of Directors 5. The Remuneration Committee reviewed and the Board of Directors approved the subsidiaries 2021 distribution of employee remuneration for managerial officers. 6. 2023 Audit Plan, reviewed by Audit Committee and resolved by Board of Directors.
2022.12.20	5th Board Meeting in 2022	<ol style="list-style-type: none"> 1. The Board of Directors reviewed the 2023 Operating Plan. 2. The appointment of the Company's head of accounting officer and the remuneration, reviewed by Audit Committee, and resolved by the Board of Directors. 3. Appointment of the Company's external proxy spokesperson, resolved the Board of Directors.

Date	Name of the meeting	Important resolutions
		<p>4. Amendments to certain provisions of the Company's "Procedures for Handling Significant Internal Information".</p> <p>5. Amended some provisions of the "Regulations Governing the Preparation of Financial Statements" of the Company.</p> <p>6. The Remuneration Committee reviewed and the board of directors resolved the proposal of the 2021 distribution of employee remuneration for managerial officers.</p>
2023.2.16	1st Board Meeting in 2023	<p>1. The agenda for the 2023 General Meeting of Shareholders and the receipt of proposals from 1% shareholders and matters related to the nominations for directors and independent directors.</p> <p>2. Full re-election of directors</p>
2023.3.14	2nd Board Meeting in 2023	<p>1. 2022 Annual Report on Operations, Individual Financial Statements and Recognition of Consolidated Financial Statements.</p> <p>2. Recognized the Company's earnings distribution for 2022.</p> <p>3. For the year 2022, employees' remuneration and directors' remuneration were distributed in cash.</p> <p>4. Amendments to the "Articles of Incorporation" .</p> <p>5. Amendments to certain provisions of the "Method for Election of Directors".</p> <p>6. Amendments to the reasons of convening 2023 General Meeting of Shareholders.</p> <p>7. Nominate and review the list of candidates for director and independent director.</p> <p>8. Release of new directors and their representatives from the prohibition of competition.</p> <p>9. Revised some provisions of the "Regulations on the Implementation of Employee Compensation".</p> <p>10. The Company periodically evaluates the independence and suitability of the certified public accountants.</p> <p>11. Rollover of the Company's bank financing for the first half of 2023.</p> <p>12. The Company intends to lend funds to its subsidiary "Far Year Construction Co.</p> <p>13. The Company amended some provisions of "Procedures for the Acquisition or Disposal of Assets".</p> <p>14. 2022 Internal Control Statement, reviewed by Audit Committee and resolved by Board of Directors.</p> <p>15. Revise some provisions of the "Internal Control System" and "Internal Audit Implementation Rules" of the Company.</p>
2023.05.10	3rd Board Meeting in 2023	<p>1. The Group's consolidated financial statements for the first quarter of 2023 were reported to the Board of Directors.</p> <p>2. Amendments to the "Articles of Incorporation."</p> <p>3. The appointment of the accounting firm and the evaluation of the independence and suitability of the accountants for the financial statements of the Company and its subsidiaries for 2023 (including each quarter).</p> <p>4. 2022 Directors' remuneration distribution.</p>

3-4-14、Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors in the recent years and as of the date of printing of Annual report: None

3-4-15、Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D in the recent years and as of the date of printing of Annual report:

Resignation and dismissal of relevant persons of the company

10.05.2022

Title	name	date of appointment	date of dismissal	reason for resignation or dismissal
Accounting OffiCcers	Huang ChunLan	2021.08.11	2022.12.31	Retire

3-5、Information Regarding Independent Auditor:

3-5-1、CPA's Fee

Accounting Firm	Name of CPA		Audit Period	Remark
PricewaterhouseCooper Taiwan	Lin Yahui	Wu Hanqi	2022.01.1~2022.12.31	

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

Unit : NT\$ thousand

Category		Audit Fee	Non-audit Fee	Total
Amount				
1	Less than 2,000,000		1,192	1,192
2	2,000,000 (inclusive) ~ 4,000,000			
3	4,000,000 (inclusive) ~ 6,000,000	5,260		5,260
4	6,000,000 (inclusive) ~ 8,000,000			
5	8,000,000 (inclusive) above			

Unit : NT\$ thousand

Auditing Firm	Name of CPA	audit Fee	Non-audit Fee	Subtotal	CPA audit's period	Remark
PricewaterhouseCooper Taiwan	Lin Yahui Wu Hanqi	5,260	1,192	6,452	2022.01.01~ 2022.12.31	

Note 1: If CPA or the accounting firm is replaced for the Company this year, the auditing periods shall be listed separately. In addition, the reason for the replacement shall be indicated in the remark column and information on audit and non-audit public expenditure shall be disclosed

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

* Non-audit public expenses are Cross-strait consulting service fee 442 thousand yuan, tax visa 600 thousand yuan and other 150 thousand yuan.

Note3 : If the CPA Firm Changes, and the Audit Fee Paid in the Year of such Change Is

Reduced from the Audit Fee of the Previous Year:N/A

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

3-5-2、If the CPA Firm Changes, and the Audit Fee Paid in the Year of such Change Is Reduced from the Audit Fee of the Previous Year, the Amounts of the Audit Fees Before and After such Change and the Reason of such Change Should Be Disclosed: None

3-5-3、If the Audit Fee Is Reduced by More than 15% from Last Year, the Amount, Ratio, and Reason for the Reduction of the Audit Fee Should Be Disclosed:None

3-6、Replacement of CPA:None.

3-7、The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2022.

3-8、Status of Transfer of Stock and Changes in Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of Shares in the Latest Year and as of the Date of Printing of Annual Report::

(1) Changes in shareholding by Directors, Supervisors, Management team and major shareholders

Unit : Share

Title (Note1)	Name	2022		As of 3.31.2023	
		Net Change in shareholding	Net Change in shares pledged	Net Change in shareholding	Net Change in shares pledged
Chairmannd General Manager	Peng, Ting-Yu	0	0	0	0
Director	Peng, Chiun-Ping	94,000	0	0	0
Director	Chao, Teng-Pang	0	0	0	0
Director	Hsu,Wen-Tang	0	0	-200,000	0
Director	Liu, Chiu-Chi	1,805,000	2,100,000	160,000	0
Director	Wen, Yu Mei	0	0	0	0
Director	Peng, Hsiu-Yun	0	0	0	0
Director	Shin Chuan Yuan	0	0	0	0
	Investment Co.,Ltd Representative: Tsai, Jin Wan	0	0	0	0
Independent Director	Tang, Peng-Chin	0	0	0	0
Independent Director	Min, Kuei-Ling	0	0	0	0
Independent Director	Yen, Tzong-Ming	0	0	0	0
VP	Peng,Jeffery	0	0	0	0
VP	Amme-chuo	0	0	0	0
Financial fficer	VincentWeng	0	0	0	0
Accounting Officer	May-Huang	0	0	0	0

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

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

(2)Shares Trading with the related Parties

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

(3)Shares Pledged with the Related Parties

1. The pledge of equity of the company, directors and supervisors; as of May 10, 2023, Director Liu,Chiu-Chi the pledge of equity was 2,100,000 Share.
2. Shareholders who hold more than 10% of the company's shares; none.

3-9 、Relationship among The Company's Top 10 Shareholders:

27.04.2023
Unit : Share : %

Name (Note1)	Shares Held		Share Helds By Spouse & Minor		Shares Held in the name of others		Relationship between the Company's top 10 shareholders who are either related parties,spouse,relatives within the second degree of Kinship.His/her/its name and relationship (Note3)		Re ma rk
	Shares	%	Shares	%	Shares	%	Name	Relations hip	
Peng Chiun-Ping	20,689,303	7.46	5,187,000	1.87	—	—	Lee,Li Peng, Ting-Yu	Spouse Father& Daughter	
TA PO Investment Limited Representative:P eng, Jeffery	16,001,043	5.77	—	—	—	—	Lee,Li Peng Chiun-Ping	Mother Father	
Hsu,Jin-Zhi	6,000,000	2.16	—	—	—	—	—	—	
Lee,Li	5,187,000	1.87	20,689,303	7.46	—	—	Peng Chiun-Ping Peng Ting-Yu TA PO Investment Limited Representative: Peng, Jeffery	Spouse Mother& Daughter Mother& Son	
Liu, Chiu-Chi	5,101,000	1.84	3,043,000	1.03	—	—	Liu Kuan-bai	Father &Son	
Peng, Ting-Yu	4,331,983	1.56	—	—	—	—	Peng Chiun-Ping Lee,Li	Father& Daughter Mother& Daughter	
Rechi Investment Co.,Ltd	4,268,718	1.54	—	—	—	—	—	—	
Liu Kuan-bai	3,043,000	1.10	5,101,000	1.84	—	—	Liu, Chiu-Chi	Father &Son	
JPMorgan Chase Bank, JPMorgan Chase Bank, JP Morgan Securities Co., Ltd. investment account	2,843,000	1.03	—	—	—	—	—	—	
Citigroup hosts BNP investment operation SNC investment account	2,360,231	0.85	—	—	—	—	—	—	

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

Note2 : The shareholding refers to total shares hold by in person, spouse, minors or in someone else's name

Note3 : According to Regulations Governing the Preparation of Financial Report by Securitits Issuers, the relationships among the shareholders as disclosed before including judicial persons and nature persons shall be disclosed

3-10 、Share Held by the Company,Directors,Supervisors,Mangers and Companies Directly or Indirectly Controlled by the Company and the Comprehensive Shareholding ratio based on Combined Calculation:

Comprehensive shareholding ratio

12/31/2022

Unit : Share ; NT\$

Long-term Investments (Note)	Ownership by The Company		Ownerssship by Directors,Supervisors ,Managers directly/indirectly owned subsidiaries		Total ownership	
	Shares	%	Shares	%	Shares	%
ACTION ASIA LIMITED	149,511,976	61.54%	93,452,231	38.46%	242,964,207	100.00%
ACTION ASIAINVESTMENT LIMITED			1	100.00%	1	100.00%
ACTION INDUSTRIES (M) SDN. BHD.	-	-	-	100.00%	-	100.00%
ACTION-TEK SDN. BHD.				100.00%		100.00%
SHANGHAI ACTION TECHNOLOGY CO.,LTD	-	-	-	100.00%	-	100.00%
Shanghai Yige Trading Co., Ltd.	-	-	-	100.00%	-	100.00%
ACTION ASIA (SHENZHEN) CO., LTD	-	-	-	100.00%	-	100.00%
DEDE TECHNOLOGY (SHENZHEN)CO.,LTD	-	-	-	40.00%	-	40.00%
Action Intelligent (Shenzhen) Co.,Ltd	-	-	-	100.00%	-	100.00%
ASD ELECTRONICS LIMITED	-	-	-	100.00%	-	100.00%
ALMOND GARDEN CORP.	14,500,000	100.00%	-	-	14,500,000	100.00%
Far Year Construction Co.,Ltd	20,000,000	100.00%			20,000,000	100.00%
REALISE TECH-SERVICE.,LTD	6,000,000	100.00%	0	0	6,000,000	100.00%

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

Note2: Continental Limited, no number of shares.

IV、Capital and Shares

4-1-1 Capitalization

1. Sources of Capital

As of 4.26.2022
Unit:NTD,share

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

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

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

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

2.Type of Stock

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

3. Related information of the general declaration system: None

4-1-2 、Composition of Shareholders

Type of shareholders Numbers	4.27,2023 Unit : people/share					Total
	Govern-ment Agencies	Financial institutions	Other Juridical Persons	Natural Persons	Foreign institutions and natural persons	
Number of shareholders	2	0	150	42,574	48	42,775
Shareholding	25	134,000	27,985,557	236,541,941	12,495,973	277,157,496
Holding Percentage	0.00	0.05	10.10	85.35	0.50	100.00

Note: The latest closing date for stock of transfer was 4.27.2023

4-1-3 、Distribution Profile of Share Ownership

Distribution of Share Ownership					4.27.2023
Par Value at NT\$10/share					Unit : share
Shareholder Ownership			Number of Shareholders	Ownership	Ownership Percentage%
1	—	999	29,945	1,533,219	0.55
1,000	—	5,000	8,245	18,334,108	6.62
5,001	—	10,000	1,981	15,223,082	5.49
10,001	—	15,000	780	9,674,535	3.49
15,001	—	20,000	455	8,320,558	3.00
20,001	—	30,000	440	11,218,689	4.05
30,001	—	40,000	210	7,495,632	2.70
40,001	—	50,000	153	7,121,089	2.57
50,001	—	100,000	271	19,714,112	7.11
100,001	—	200,000	137	19,618,312	7.08
200,001	—	400,000	75	20,999,777	7.58
400,001	—	600,000	25	12,292,814	4.44
600,001	—	800,000	14	9,719,431	3.51
800,001	—	1,000,000	10	8,997,903	3.25
1,000,001	—	999,999,999	34	106,894,235	38.56
Total			42,775	277,157,496	100.00

Preferred share: None

4-1-4、Names of major shareholders: Shareholders holding 5% or more of total shares or in the Top 10 stock option holding ratio list

			As of April 26,2022
Name of Major shareholders	Shares	Total share owned (shares)	Ownership (%)
Peng Chiun-Ping		20,689,303	7.46%
TA PO Investment Limited Representative: Peng, Jeffery		16,001,043	5.77%
Hsu, Jin-Zhi		6,000,000	2.16%
Lee, Li		5,187,000	1.87%
Liu, Chiu-Chi		5,101,000	1.84%
Peng, Ting-Yu		4,331,983	1.56%
Rechi Investment Co., Ltd		4,268,718	1.54%
Liu Kuan-bai		3,043,000	1.10%
JPMorgan Chase Bank, JPMorgan Chase Bank, JP Morgan Securities Co., Ltd. investment account		2,843,000	1.03%
Citigroup hosts BNP investment operation SNC investment account		2,360,231	0.85%
Total		69,819,278	25.18%

4-1-5、Information Regarding Market Price, Net worth, Earnings, Dividends Per common share in most recent 2 years

Market Price, Net worth, Earnings, Dividends Per share in most recent 2 years

Unit : NT\$; Thousand shares

Item			Year	2021	2022	As of March 31, 2023
Market price Per share (Note1)	Highest Market price			18.05	14.60	15.23
	Lowest Market Price			9.86	11.55	13.00
	Average Market Price			12.81	12.00	13.90
Net Worth Per share (Note2)	Before Distribution			10.23	10.21	10.35
	After Distribution			9.93	9.99	-
Earnings Per share	Weighted average shares (thous and shares)	277,158		277,158	277,158	277,158
		277,158		277,158	277,158	277,158
	Earnings pershare Note 3	Diluted EPS		0.75	0.33	0.09
		Adjusted diluted EPS		0.75	0.33	0.09
Dividends Per share	Cash Dividends (Note9)			0.30	0.22	N/A
	Non-paid Dividend	Dividend from retained earning		-		N/A
		Dividend from from capital surplus		-		N/A
	Accumulated Undistributed Dividend (Note4)			-		N/A
Return on Investment	P/E Ratio (Note5)			17.08	36.36	N/A
	Price/ Dividend ratio (Note 6)			42.70	54.55	N/A
	Cash Dividend Yield (Note7)			0.023	0.018	N/A

- * If there are shares assigned with earnings or upon capital increase with capital reserve, information of the market price and cash dividends adjusted retroactively according to the number of shares issued shall also be disclosed.

Note 1: The highest and lowest market prices of common stock each year are shown and the annual average market price is calculated according to the strike price and the trading volume in each year.

Note 2: Please fill in distributions decided in the Boards' meeting of the following year according to the number of shares that were already issued for the specific year.

Note 3: If retroactive adjustments are required because of free share distribution, earnings per share before and after adjustments shall be shown.

Note 4: For the equity shares issuance criteria, if there are requirements that dividends not distributed for a specific year can be carried over to the year with earnings, the dividends that have not been paid up to the said year with earnings shall be disclosed separately.

Note 5 : Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6 : Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7 : Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8 :For the net value per share and earnings per share, data inspected (reviewed) by CPAs from the latest quarter up to the date of printing of the Annual Report shall be provided. For the other columns, data of the immediate year up to the date of printing of the Annual Report shall be provided

Note9:The Board was held on 3/14/2023 to propose to distribute cash dividends of NT\$0.22 per share for 2021

(6)Dividend Policy and Implementation Status

1. Dividend policy

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

2.Proposed Distribution of Dividend through the current shareholders' meeting: The Board has adopted a Proposal for Distribution of 2022 Profits on 3/14/2023.

Action Electronics Co.,Ltd Profit Distribution Table Year 2022

Unit : NT\$ thousand

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	

- The Company proposed to distribute Cash dividends of NT\$0.22 Per share for 2022 which amounted to NT\$ 60, 974,649 in total.
- After approval of the Annual Shareholders' Meeting, it is proposed that Chairman will be authorized to resolve the ex-dividend date and handle distribution affairs for cash dividend.

3. Cash dividends paid to each individual shareholder will be rounded down to the nearest dollar. Fractional shares with a value less than one dollar are recognized as the Company's other income.
4. If the company repurchase stocks of the Company or convert or retire treasury stocks that give impacts on the outstanding shares number to make distribution rate /per stock change, the Company authorizes the chairman to adjust the distribution yield of shareholders according to the resolution for distribution amount and of actual outstanding share number in shareholders' meeting.

Chairman :

General Manager :

Accounting Officer:

(7)Impacts of free share assignment intended through the current shareholders meeting on the Company's operational performance and earnings per share: N/A

(8)Remunerations for employees, directors:

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

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

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

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

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

3. Remuneration distribution approved by the board of directors:

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

On March 14, 2023, the board of directors approved NT\$4,647,846 for employee remuneration and NT\$3,718,277 for directors to be paid in cash. Differences between the actual and estimated figures will be included in the next year's profit and loss. The relevant information approved by the board of directors will be disclosed in the Market Observation Post Station (MOPS) for reference.

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

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

In the previous year, the bonus for employees was NT\$12,564,838 and the bonus for directors was NT\$10,051,871. The actual amount paid was consistent with the resolution of the board of directors.

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

4-2 、Corporate Bond: None

4-3 、Preferred Shares:1.Status of preferred shares:None ; 2.Preferred shares with warrant :
None

4-4 、Global Depositary Receipt:None

4-5 、Employee Stock Option Certificate, Restricted Employee Shares

1 Issurance of employee stock option: None

2. Employee Stock Options Granted to Management Team and to Top 10 Employees with over NT\$3 million: None.

4-6 、Status of new share issurance in connection with Merges and acquisitions :
None.

4-7 、Implementation of Capital Utilization Plan

V 、 Operation Overview

5-1 、 Business content:

5-1-1 、 Business scope:

- 1. Main business content:** 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, etc.

2. Operating proportion: (Group)

Unit: NT\$ thousand; %

Product Item	2022 Group Consolidated Amount	
	Net revenue	Revenue proportion (%)
Sales revenue of brand management and service business system	\$ 725,867	49
Sales revenue of automotive electronics manufacturing business system	627,210	42
Sales revenue of warehousing and logistics business system	133,324	9
Total	\$ 1,486,401	100

3. The current products:

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

- (1) Brand management and service business system: With ACTION Kolin brand management and Realise Tech-Service as the core, "Kolin" brand management is mainly in the home appliance business, with products covering audio-visual appliances, refrigerators, washing machines, air conditioners and all kinds of small appliances for healthy living. Realise Tech-Service is mainly responsible for the repair/customer service and sales of Kolin brand products.
- (2) Automotive electronics manufacturing business system: With Action Industries (Malaysia) SDN BHD's Penang plant and Action Asia (Shenzhen) Co., Ltd.'s Shenzhen plant as the focus of operations, the company develops, manufactures and sells automotive multimedia products.
- (3) Asset revitalization business system: Far Year Construction Co. and Shanghai Action Technology Co., Ltd. as the core, with real estate trading and logistics warehousing as the main business. Far Year Construction is currently engaged in the development of the headquarters in Chungli, Taoyuan, and is planning to build the "ACTION Technology Park" and the "Smart Green Building", it is expected that the two new industrial and commercial office buildings will be completed and the development will become a landmark and architectural landmark of the Chungli Industrial Zone, bringing a leap forward for Chungli and accelerating the upgrade and growth of the industrial zone. Shanghai Action Technology Co., Ltd. has been investing in the logistics and warehousing business since 2011, with a land area of 27,527 pings (90,998 sqm) and a factory area of 26,015 pings (86,000 sqm). The company provides internationalized warehousing facilities and a quality and competitive logistics environment, introducing international brand customers and generating stable revenue and profits for the Group.

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

- (1) Brand management: Kolin takes simple happiness as its aspiration and plans a full range of home appliances and small home appliances through multiple marketing channels of distributors,

mass merchandising channels and online shopping platforms to provide consumers with more hassle-free smart home appliances to meet the needs of modern people and make life more convenient and simple. Realise Tech-Service is responsible for product service and repair, and currently operates 18 service stations and 4 repair factories throughout Taiwan, continuously providing reliable and affordable products and services.

(2)Automotive Electronics: ACTION was originally a foundry for major channels producing consumer electronics products. With the popularity of campers and yachts for travel and leisure, ACTION has deepened its R&D and partnerships with existing customers to provide the best manufacturing and development support.

(3)Asset Revitalization: Far Year Construction has developed and planned the ACTION Technology Park in response to the advent of the Industry 4.0 era and the industry's upgrade to smart technology, providing enterprises with a full range of intelligent, informative, and smart system services in software, such as 5C network, health prevention, smart access control, vehicle charging, smart power outage, smart saving, and other software equipment. In addition, the company has created a lobby and an international conference hall with a strong sense of design.

(4) Looking ahead, we will continue to focus on integrating the resources of the Group's three major systems, strengthening the quality of operations and enhancing the competitiveness of our brands; and emphasizing the introduction and cultivation of talents in management to continue to create the Group's corporate culture and values and to implement sustainable management.

5-1-2 、 Industry overview:

1. Current status and development of the industry

(1)recent years, the Internet of Things has become a major trend in technology development, and the convenience of human-computer interaction through voice control has led to the development of smart home appliances and smart homes. To enhance our competitive edge, we have invested a lot of resources to "upgrade" our home appliances so that they can be controlled by voice and provide consumers with a more convenient life.

(2)The company's automotive multimedia products are mainly used in the RV camper, yacht and modified vehicle markets. 2022 will be affected by the closure of China due to the epidemic, which will affect sales and auto parts supply, and the war between Russia and Ukraine, which will also affect the global auto supply chain. Although countries are gradually moving towards to coexist with COVID-19, ITRI estimates that global auto market sales will return to pre-epidemic levels in 2025. With the increase in per capita income, more attention will be paid to outdoor recreation, the growth of this market should not be underestimated.

(3)Taiwan's commercial real estate market performance in recent years, with the US-China trade and the return of Taiwanese businessmen, has not only reduced the vacancy rate, but also gradually increased the commercial office rental market. Looking at the performance of the commercial real estate market in 2022, the total commercial real estate transactions of listed corporations in the first 11 months amounted to 161.6 billion, and the annual transactions are expected to surpass last year's 168.7 billion, with 9.325 billion commercial real estate transactions in November, of which office and factory transactions accounted for over 60%, and market demand is still strong. In the face of the commercial real estate market in 2023, experts predict that commercial real estate prices and buying sentiment will remain stable in the face of slowly rising interest rates and a stable economy.

5-1-3. The relevance of the industry's upstream, midstream and downstream

(1)Branded goods, distribution services industry structure and supply and demand

A. In terms of 3C product channels, upstream are manufacturers of home appliances, video and audio products, information products, and communication products, while downstream are direct sales outlets and e-commerce companies selling products to consumers.

B. Home Appliance Repair Service Realise Tech-Service takes responsibility for customer satisfaction with professional service and brand service, and improves the comprehensive benefits of brand + channel + service.

- (2) Important raw materials and related suppliers for the electronics manufacturing industry
 - A. The main raw materials for consumer electronic products are panel driver ICs, small and medium-sized panels, printed circuit boards, backlight modules, etc.
 - B. The Company is mainly engaged in the sale of Internet + mobile multimedia player devices, which is the midstream of the industry. The upstream is related to components and materials, and in response to market demand, the downstream sales are mostly to customers, channels or importers.

5-1-4. Various development trends and competitive situations of products

- (1) As technology advances, smart home appliances, ESG and digital transformation are the main trends for future development, we continue to work towards building energy-efficient, smart and healthier products, and providing consumers with more convenient and affordable products and experiences. To enhance our competitive edge, ACTION has invested a lot of resources to "upgrade" our home appliance products so that users can easily control them remotely via mobile phone or tablet app, thus providing consumers with a more convenient life. In addition, we have also strengthened the research and development of in-vehicle audio-visual products and the revitalization of our land assets, so that the company can grow steadily and positively in the face of the changing external environment.
- (2) The main content of the business: research and development and sales of electrochemical products, digital electronic products, small household appliances, information and various communication products.
- (3) Product competition situation: Competing manufacturers of home appliances include Datong, Sampo, TECO, Chi Mei, Sanyo, etc.

5-1-5 、 Technology and R&D Overview:

Electronic manufacturing business system:

1. Research and development expenditures in the last two years

			Unit: NT\$ Thousand
Year	2022	2021	As of the publication date of the annual report, the R&D expenditure in the first quarter of 2023 was NT\$6,851
Amount	26,863	34,438	

2. Successfully developed products or technologies

- (1) The main product of Malaysia's Markin plant of ACTION INDUSTRIES(M)SDN.BHD. is Mobile Video (DVD/USB/HDMI/AV/GAME), and it is constantly developing new models, such as Android OS/10.1 inch back-to-back infotainment Products, ODM81011/10.1 inch in-vehicle ceiling-mounted entertainment multimedia player, 8-inch headrest & 10.1-inch ceiling-mounted Android OS in-vehicle infotainment products, OHM60902 (P6-20) 9-inch ceiling-mounted car entertainment products, multimedia player and so on.
- (2) Action Asia Shenzhen factory product development and manufacturing, make use of external technical resources, to enhance self-strength, strive for quality and quantity of breakthrough, existing products deep plowing and value innovation.
- (3) ACTION Kolin products are developed to provide reliable and affordable products and services for consumers to live a healthy and simple life, applying smart technology to make products work better and customer service more immediate.
- (4) Shanghai Action Technology Co., Ltd. warehousing industry, has built an international logistics environment to improve the quality of service to reduce the period of empty storage, to maintain the environmental health of the park, and various safety standards supervision.

5-1-6 、 Long-term and short-term business development plans:

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

Short-term business development plan:

- (1) Electronic manufacturing business system: Based in Malaysia Penang plant, we are promoting the development of automotive electronics, marketing strategy to develop automotive and mobile

infotainment products, multi-point marketing of the same model, specialized management, integration of automotive entertainment products into In-car Platform products.

- (2) Action Asia Shenzhen factory set up R&D team to support the Group's development and strengthen the development of automotive products
- (3) Taiwan ACTION Kolin and Realise Tech-Service are the main business systems of our distribution service business. We operate our brand through diversified operations to enhance Kolin's visibility and flexible channel sales, actively develop niche products and markets, and identify niche channels.
- (4) Revitalize assets, gradually revitalize land assets in Zhongli, Shenzhen and Shanghai, and inject more new elements into enterprises. Shanghai Action is a warehousing and logistics center with steady growth in sales; and the land development of the headquarters in Taiwan is planned as "ACTION Technology Park", which has been planned in terms of positioning, functions, organizational structure and operation plan, In the next 3-5 years, we will complete the "New Industry 4.0" industrial park, which integrates research and development, exhibition and sales.

Long-term business development plan

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

5-2 、Market and production and sales overview:

5-2-1 、 Market analysis:

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

Unit: NT\$ Thousand

Year Sales Area		2022		2021	
		Net Revenue	Percentage	Net Revenue	Percentage
Expo rt	Asia	149,262,	10.04	141,267	9.19
	America	344,465	23.17	521,104	33.92
	Others	266,807	17.95	138,159	9.00
Domestic		72,867	48.84	735,464	47.89
Total		1,486,401	100.00	1,535,992	100.00

- (1) The company's three major business systems (distribution services, automotive electronics, and asset activation) accounted for 48.84%, 42.20%, and 8.96% of the operating income in 2011, respectively.
- (2) The products of the distribution service business system are mainly sold domestically, and the automotive electronics and asset activation are mainly sold overseas.

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

Channel Service Industry:

(1) Management policy:

- A. We will continue to enhance the brand value of the Kolin brand and create home appliances that are more suitable for modern families by increasing the appearance of the products and strengthening their functions, so that consumers can experience that home appliances are not just home appliances, but also the happiness of home life.
- B. Combined with the perfect after-sales service and logistics advantages, so that consumers no longer bother about the delivery process, product warranty, to give consumers the most perfect protection in the fastest time and efficiency.

(2) Marketing allocation:

- A. The sales areas of the products are mainly domestic sales. In addition to the Kolin brand, there is also the German high-end brand AXION to meet the needs of different consumer levels
- B. Proportion of channels: domestic sales of traditional dealer channels occupied for 52%, wholesales are 16 %, e-commerce is 27% and project is 5 %.
- C. The future situation of supply and demand and growth of the market
At present, environmental protection and energy saving are still the main demands of consumers for home appliances, among which LCD monitors are mainly developed in the direction of large size and high resolution, while small appliances are developed in the overall trend of personalization and health wellness

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

- A. Favorable factors:
The Kolin brand has been rooted in Taiwan for 60 years and has established a strong brand image. Through strengthening the professional skills of the after-sales service team and mutual support of logistics strategic partners, it has created a win-win situation for consumers, dealers and the company.
- B. Disadvantages:
There are many home appliance brands in China, the operating space is compressed under market competition, and the cost of shipping has risen in recent years. Although there has been a slight reduction, it still cannot respond reasonably.
- C. Countermeasures
By understanding consumers' needs and combining with external partners, we can enhance cost control and price flexibility of innovative products, and develop new consumer groups by introducing new generation consumption patterns.

Electronics manufacturing industry:

(1) Operating Direction:

With the management philosophy of professionalism, simplicity, and profitability, the team will be appropriately divided into professional functions, and then the process will be integrated to completely connect the upstream and downstream, to achieve their respective duties and specialize in their fields of expertise, so as to achieve the annual target by each division and specialization.

(2) Marketing Layout:

ACTION Shenzhen Plant: Stable development of existing customers, continue to develop customers in China and other new markets; production lines are stable, through the intervention of voice intelligent products to enhance product competitiveness and consumer favor.

Penang Plant: Strengthen the development of the ASEAN depot market, expand the mobile video business in Southeast Asia, India, the Middle East and Africa, and strengthen the service, delivery and quality control of finished products for key customers.

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

- A. Favorable factors: OEM/EMS business of Action Asia Shenzhen Factory and Markin Plant, and has won the award of high quality level and best production partner in the industry, and the factory is located in Southeast Asia, which has a geographical competitive advantage toward on RCEP and the Sino-US trade war.
- B. Raw material prices and procurement and transportation growth, although gradually slowing down, cost prices are still on the rise.
- C. Countermeasures: We have a long-term cooperative relationship with customers and suppliers and all have advanced preparation materials.

Warehousing and logistics business system: Focus on development of

“Shanghai Action Tech co., Ltd”

1. Main business items: warehousing and logistics services.
2. Business strategy: to establish a linkage mechanism with customers in the park and to improve the property management standard of the park .
3. Short and long-term business development plans:
 - (1) Maintain good relationship with customers in the park and improve the property management standard of the park.
 - (2) Stabilize the customers of the park and keep the utilization rate above 95%.
4. Market Overview and Analysis

Shanghai ACTION's logistics and warehousing services have been well received by the local government for its business foundation and development vision, Although affected by the epidemic in mainland China, we still maintain good relationship with our customers and provide them with appropriate care and assistance, we are also well received our customers, and the usage rate has been stable at over 90%.

5-2-2 、 Important use and production process of main products

1. Important uses of main commodities:

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

In the new era of information development, home appliances are not just material enjoyment, but also a link to the happiness of each household. Therefore, home appliances must be integrated with the Internet to provide consumers with a convenient, simple, energy-saving and happy source

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

5-2-3 、 Supply status of main raw materials:

We have a long term relationship with our suppliers for key components to ensure stable delivery, cost and quality through a consultative (inquire, compare and negotiate) procurement system.

5-2-4 、 Names of customers with 10% or more purchases or sales and the value of purchases or sales and ratio in the past two years: please describe the reason for the increase or decrease

- (1) Major Suppliers: There was no signal supplier exceeding 10% of the total value of purchase of 2021&2022
- (2) Major Customers in the Last Two Calendar Years

Unit : NT\$ thousand

No	2022				2021			
	Customer	Net Revenue	Relation to The Company	%	Name	Amount	Relation to The Company	%
1	Customer A	\$ 221,215	None	15	Customer A	\$ 262,992	None	17
2	Customer B	153,981	None	10	Customer B	155,208	None	10
3	Others	1,111,205		75	Others	1,117,792		73
	Total Net Revenue	\$1,486,401		100	Total Net Revenue	\$1,535,992		100

5-2-5、Production volumes/values in the past two years

Unit:Sets ;NT\$ thousand

Year	2022			2021		
Qty/Value	Capacity	Production Quantity	Production Value	Capacity	Production Quantity	Production Value
Main Product						
Revenue of automotive electronics manufacturing business system	145,750	145,750	370,253	145,763	145,763	418,231
Total	145,750	145,750	370,253	145,763	145,763	418,231

Note: Home appliance products and logistics service were not manufactured by the Company

5-2-6、Sales volume/values in the past two years

Unit:set;NT thousand

Year	2022			
Sales Qty/Value Main Products	Domestic		Export	
	Qty	Value	Qty	Value
Revenue of automotive electronics manufacturing business system			122,767	627,210
Revenue of brand management and service system	125,642	725,867		
Revenue of warehousing and logistics business system				133,324
Total	125,742	725,867	122,767	760,534

Unit:set;NT thousand

Year	2021			
Sales Qty/Value Main Products	Domestic		Export/	
	Qty	Value	Qty	Value
Revenue of automotive electronics manufacturing business system			164,217	664,313
Revenue of brand management and service system	125,230	735,455		
Revenue of warehousing and logistics business system				136,224
合計	125,230	735,455	164,217	800,537

5-3 、Information of employees in the past two years and up to the date of printing of the Annual Report

Year		2021	2022	As of 4.30.2023
Number of employees	Staff	304	301	311
	Operator	128	74	58
	Total	432	375	369
Average age		46.09	45.31	45.61
Average seniority in service		5.43	6.56	6.63
Educational Distribution Ratio	Ph.D	0.0%	0.0%	0.0%
	Master	4.%	7%	7%
	College and University Graduate	47%	47%	48%
	Senior high/vocational high school graduate	49%	46%	45%

5-4 、Expenditure on Environmental protection

1. In the most recent year and as of the publication date of the annual report, the company's process of improving environmental pollution. None
(If there is a pollution dispute, the process of handling:
Except for general and business waste, the company has no other pollution sources such as sewage and waste. The company currently entrusts qualified garbage disposal subcontractor to deal with general business waste, and the disposal situation is good.
The company is located in the Zhongli Industrial Zone, and the sewage discharged by the company is handled in the sewage treatment plant of the management center in the industrial zone.)
2. In the most recent year and as of the publication date of the annual report, the total losses (including compensation) and the total amount of disposal suffered from environmental pollution, shall be disclosed the future countermeasures and possible expenditures: none.
3. The current pollution situation and its improvement influence on the company's earnings, competitive position and capital expenditure: none.
4. The most recent year and as of the publication date of the annual report, estimated major capital expenditures on environmental protection: none.

5-5 、Labor-Management Relations

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

1. Various welfare measures for employees:

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

- (1) Vacation: The seniority leave (special leave) is stipulated in the Labour Standards Law.
- (2) Education and training of employees.
- (3) Education awards and grants: education awards for employees and their children.

- (4) Cash Gifts: cash rewards (vouchers) or gifts for three festivals, weddings, funerals and festive event.
- (5) Employee Insurance: labor insurance, national health insurance, employee group medical insurance and accident insurance.
- (6) Bonuses: rewards for outstanding employees, year-end bonuses, rewards for senior employees, and employee bonuses.
- (7) Grant application; hospitalization condolences.
- (8) Employees are provided with maternity leave and paternity leave for pregnancy and childbirth; family care leave is provided for childcare, a system of childcare without pay, postpartum reinstatement measures, and appropriate work arrangements are given according to needs.
- (9) Others: Year-end prosperous annual meeting, annual employee travel.

2. Retirement system:

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

3. Other important consultation status:

- (1) The company is applicable to the Labor Standards Law, and all operations are conducted based on the Labor Standards Law.
- (2) The company has set up an Employee Welfare Committee. Through the Employee Welfare Committee, the company allows employees to understand the company's operating conditions. Employees also express their opinions through the welfare committee, so that they can mutually and fully understand and communicate with each other.

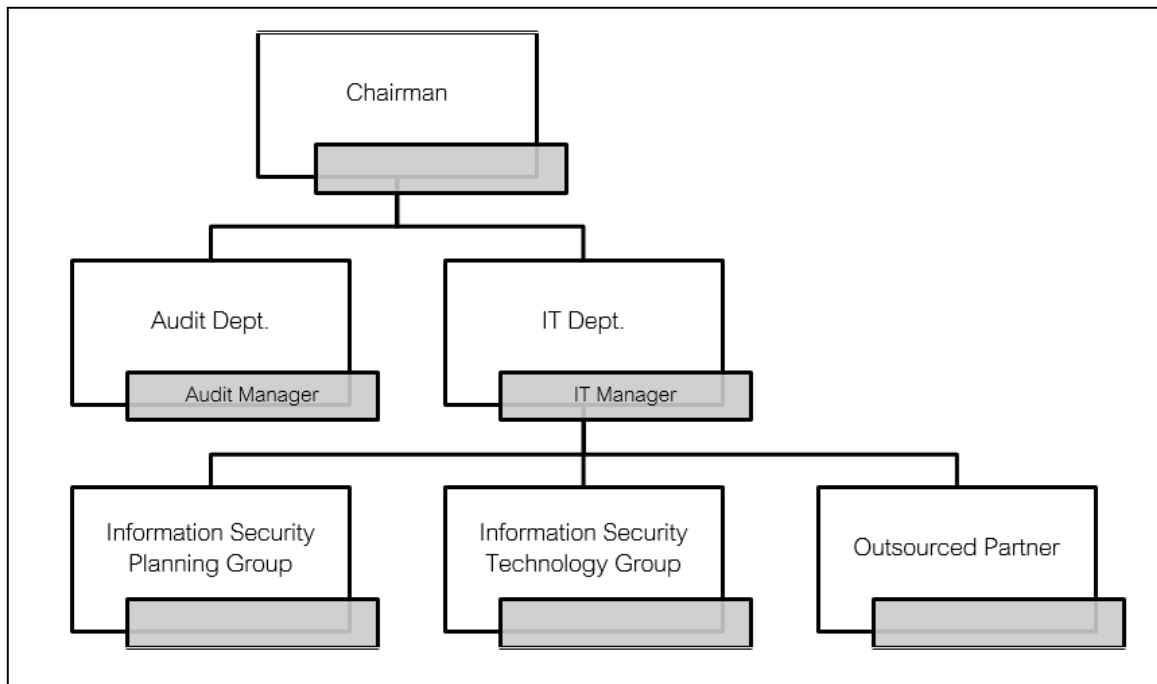
(2) Employer-employee disputes in the past three years: None

5-6 、Information Security Management

To ensure the smooth operation of ACTION ELECTRONICS CO., LTD (hereinafter referred to as the Company) and the safe operation of information-related personnel, data, information systems, equipment and networks, we have established an Information Security Policy (hereinafter referred to as the Policy) for all of our employees to follow.

一、Information Security Risk Management Framework:

To promote the Company's information security management, ensure the security of data, systems, equipment and networks, and protect the rights of consumers, the Company has set up an information security management organization as shown below.



二、Information Security Policy：

1. Scope

- (1) This applies to the security management of the Company's information assets, covering their confidentiality, integrity and availability.
- (2) All employees, contractors, consultants, temporary employees, customers, and third-party personnel involved in the Company's information operations or use of data are expected to comply with this policy.

2. Management Principles

- (1) To protect information or information systems from unauthorized access, use, control, leakage, destruction, tampering, destruction, or other infringement.
- (2) To establish an information security promotion team and set up authority and responsibility to promote and maintain information security management, implementation and review.
- (3) Convene information security management meetings to review internal and external risks, major information security incidents, competent authorities' information security guidelines and business requirements, and take measures in response.
- (4) We conduct various information security inspections, reviews, and personnel education and training to assess the risks of the information environment and make improvements.
- (5) We have built information security systems or equipment monitoring to continuously improve the security of the overall information environment and reduce the occurrence of various risks.
- (6) The use of the system and data shall be authorized and access rights shall be granted to the minimum extent necessary for its business.
- (7) The information system is equipped with appropriate backup and recovery mechanisms, and contingency drills are arranged to strengthen the response and handling capabilities of information services in the face of threats.
- (8) Arrange staff information security education and training to continuously enhance staff information security awareness.

3. Reviews

- (1) This policy is reviewed once a year and may be revised as necessary to reflect relevant laws, regulations, technologies and developments in the Company's business.
- (2) After the approval of this policy, the stakeholders will be informed by announcement, in writing, by email or other means.
- (3) Stakeholders are: the scope of Article 2, paragraph 2.

三、Specific Management Solutions

1. We conduct employee information security training arrangements and occasional tests to raise awareness of information security.
2. The information security defense capabilities are reviewed, and the defense capabilities of the current information system including network, equipment, and application systems are enhanced and repaired to reduce information security risks.
3. Improve the information system backup and recovery mechanism to respond to possible information security hazards.

- 四、For the most recent year and as of the publication date of the annual report, the losses suffered as a result of significant information security incidents, their possible effects and the measures taken in response, if they cannot be reasonably estimated, should state the facts that they cannot be reasonably estimated: None.

5-7、Important Contract : None

Contract nature	Company	counterparty	contract start date	main content	Restrictions
Engineering contract	Far Year Construction Co., LTD	Sanmin Construction Co., Ltd.	Since the signing of the contract on 2020.6.30, the smart project has been completed	Entrusted development contract for Civil "Engineering of Area B of Action Science Park and Technology Park"	None
Engineering contract	Far Year Construction Co., LTD	Sanmin Construction Co., Ltd.	Since the signing of the contract on 2022.11.23, the smart project has been completed	Entrusted development contract for Civil "Engineering of Area B of Action Science Park and Technology Park"	None
Credit contract	Far Year Construction Co., LTD	First Bank	2021.7.13~2023.12.12	The construction financing line for the development of Zone B of the "Enemosound Action Science and Technology Park"	None
Credit contract	Far Year Construction Co., LTD	Changhua Bank	2023.4.28~2027.4.28	The construction financing line for the development of Zone B of the "Enemosound Action Science and Technology Park"	None

VI 、 Financial Results

6-1 、 Condensed Balance Sheet and Comprehensive Income for the Past Five Years

(1)Condensed Balance Sheet and Comprehensive Income-Consolidated

1. Condensed Balance Sheet-Consolidated

Unit: NT\$ thousands

Item	year	Financial Summary for The Last Five Years					As of the printing date of this annual report(note3)
		2018	2019	2020	2021	2022	
Current assets		1,595,262	1,317,063	1,403,482	2,198,507	2,349,594	2,598,010
Property, Plant and Equipment		270,044	281,167	176,803	162,982	162,456	130,169
Intangible assets		238,761	239,868	225,771	219,380	219,842	212,307
Other assets		1,874,736	1,929,889	1,903,648	1,779,985	1,898,029	1,914,653
Total assets		3,978,803	3,767,987	3,709,704	4,360,854	4,623,921	4,855,139
Current Liabilities	Before distribution	1,055,032	876,707	892,079	980,983	1,501,065	1,701,488
	After distribution	1,143,722	937,682	919,795	1,064,130	(Note3)	(Note3)
Non-current liabilities		251,855	248,044	203,401	544,439	292,615	284,751
Total Liabilities	Before distribution	1,306,887	1,124,751	1,095,480	1,525,422	1,793,680	1,986,239
	After distribution	1,395,577	1,185,726	1,123,196	1,608,569	(Note3)	(Note3)
Equity attributable to shareholders of the parent		2,667,115	2,643,693	2,618,710	2,835,432	2,830,241	2,868,900
Capital stock		2,771,575	2,771,575	2,771,575	2,771,575	2,771,575	2,771,575
Capital surplus		259	259	1,602	1,602	1,602	1,602
Retained earnings	Before distribution	346,524	311,777	494,504	479,002	490,443	516,363
	After distribution	257,834	250,802	266,788	395,855	429,468	(Note3)
Other equity interest		(451,243)	(439,918)	(448,971)	(416,747)	(433,379)	(420,640)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		4,801	(457)	(4,486)	0	0	0
Total equity	Before distribution	2,667,115	2,643,236	2,614,224	2,835,432	2,830,241	2,868,900
	After distribution	2,578,425	2,582,261	2,586,508	2,752,285	2,769,266	(Note3)

Note1:Financial reports for the past 5 years and 2023/Q1 have been audited or reviewed by CPAs.

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

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

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

2. Condensed statement of comprehensive Income—Consolidated

Unit : NT\$ thousand

Year Item	2018	2019	2020	2021	2022	As of 3/31/2023 (Note3)
Operating Revenue	1,574,763	1,340,594	1,280,877	1,535,992	1,486,401	419,772
Gross profit	344,307	320,352	300,336	344,472	390,764	111,247
Operating income	22,242	7,593	44,061	15,342	54,791	25,209
Non-operating income and expenses	142,221	54,990	29,920	43,875	54,221	11,470
Income before tax	164,463	62,583	73,981	59,217	109,012	36,679
Net profit from continuing operations	150,323	46,668	36,787	10,844	91,774	25,920
Loss of closed business units	0	1,902	6,711	198,757	0	0
Net income (Loss)	150,323	48,570	43,498	209,601	91,774	25,920
Other comprehensive income (income after tax)	(33,146)	10,580	(11,535)	39,323	(13,818)	12,739
Total comprehensive income	117,177	59,150	31,963	248,924	77,956	38,659
Net income attributable to shareholders of the parent	148,278	54,736	46,096	208,540	91,774	25,920
Net income attributable to non- controlling interest	2,045	(6,166)	(2,598)	1,061	0	0
Comprehensive income attributable to Shareholders of the parent	115,132	65,268	34,649	244,438	77,956	38,659
Comprehensive income attributable to non-controlling interest	2,045	(6,118)	(2,686)	4,486	0	0
Earnings per share	0.53	0.20	0.17	0.75	0.33	0.09

Note1 : Financial reports for the past 5 years and 2023/Q1 have been audited or reviewed by CPAs.

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

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

(2) Condensed Balance sheet and Comprehensive Income—Parent Company

1. Condensed Balance Sheet—Parent Company

Unit : NT thousands

Year		2018	2019	2020	2021	2022
Items						
Current assets		664,618	521,253	553,493	705,816	649,811
Property, Plant and Equipment(Note2)		131,840	150,072	57,992	56,884	54,293
Intangible assets		234,273	228,898	223,874	218,778	213,823
Other assets (Note2)		2,551,981	2,487,993	2,521,983	2,615,792	2,494,152
Total assets		3,582,712	3,388,216	3,357,342	3,597,270	3,412,079
Current liabilities	Before distribution	772,358	589,100	610,884	477,786	339,960
	After distribution	861,048	650,075	638,600	560,933	Note 3
Non-current liabilities		143,239	155,423	127,748	284,052	241,878
Total liabilities	Before distribution	915,597	744,523	738,632	761,838	581,838
	After distribution	1,004,287	805,498	766,348	844,985	(Note3)
Capital stock		2,771,575	2,771,575	2,771,575	2,771,575	2,771,575
Capital surplus		259	259	1,602	1,602	1,602
Retained earnings	Before distribution	346,524	311,777	294,504	479,002	490,443
	After distribution	257,834	250,802	266,788	395,855	(Note3)
Other equity interest		(451,243)	(439,918)	(448,971)	(416,747)	(433,379)
Treasury stock		0	0	0	0	0
Total equity	Before distribution	2,667,115	2,643,693	2,618,710	2,835,432	2,830,241
	After distribution	2,578,425	2,582,718	2,590,994	2,752,285	(Note3)

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

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

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

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

2. Condensed statement of comprehensive Income—Parent Company

Unit : NT thousands

Year	2018	2019	2020	2021	2022
Items					
Operating Revenue	798,148	673,038	595,328	571,538	555,983
Gross profit	123,999	92,424	119,400	101,077	105,488
Operating income	(34,944)	(53,222)	(12,675)	(74,358)	(83,437)
Non-operating income and expenses	187,454	108,146	59,841	303,038	168,028
Income before tax	152,510	54,924	47,166	228,680	84,591
Net profit from continuing operations	148,278	54,736	47,166	208,540	91,774
Loss of closed business units	0	0	0	0	0
Net income (Loss)	148,278	54,736	46,096	208,540	91,774
Other comprehensive income (income after tax)	(33,146)	10,532	(11,447)	35,898	(13,818)
Total comprehensive income	115,132	65,268	34,649	244,438	77,956
Earnings per share	0.53	0.20	0.17	0.75	0.33

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

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

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

(3) Names and Auditor opinions of CPA for the past five years

Auditors' Opinions from 2018 to 2022

Year	CPA	Auditor Opinions
2018	Sam Wu 、Janet Peng	Unqualified Opinion
2019	Sam Wu 、Janet Peng	Unqualified Opinion
2020	Sam Wu 、Janet Peng	Unqualified Opinion
2021	Lin Yahui 、Wu Hanqi	Unqualified Opinion
2021	Lin Yahui 、Wu Hanqi	Unqualified Opinion

6-2 、Financial Analysis for the last five years

(1) Financial Analysis

1. Consolidated

Items \ Year		Financial Analysis in most recent years					As of	Remark	
		2018	2019	2020	2021	2022	3.31.2023		
Financial Structure%	Debt ratio %	32.85	29.85	29.53	34.98	38.79	40.91		
	Long-term funds to property, plant and equipment %	1082.7	1028.31	1593.65	2073.77	1922.28	2422.74		
Liquidity%	Current ratio %	151.21	150.23	157.33	224.11	156.53	152.69	1	
	Quick ratio %	112.46	107.16	116.22	145.01	74.75	79.09	1	
	Times interest earned (times)	8.54	5	8.06	7.8	11.05	15.72	2	
Operating performance	Average receivables turnover (times)	4.98	5.17	6.86	8.63	13.06	3.63	3	
	Days sales outstanding	73.29	70.6	53.2	42.29	27.94	24.79	3	
	Average inventory turnover (times)	3.21	2.47	2.46	2.03	1.10	0.26	4	
	Average payables turnover (times)	13.83	10.28	8.91	11.17	8.44	2.04	5	
	Average turnover days	113.71	147.77	148.37	179.8	331.82	346.15	4	
	Property, plant and equipment turnover (times)	4.97	4.86	5.59	9.04	9.13	2.87		
Profitability	Total assets turnover (times)	0.39	0.35	0.34	0.38	0.33	0.09		
	Return on assets%	4.21	1.58	1.39	5.37	2.24	0.59	6	
	Return on stockholders' equity %	5.76	1.83	1.65	7.69	3.24	0.91	6	
	To paid-in capital (%)	Operating income to paid-in capital%	0.8	0.27	1.59	0.55	1.98	0.91	7
		Pre-tax income to paid-in capital %	5.93	2.26	2.67	2.14	3.93	1.32	7
	Net profit margin %	9.55	3.62	3.40	13.65	6.17	6.17	6	
	Earnings per share (NTD)	0.53	0.2	0.17	0.75	0.33	0.09	6	
Cash Flow	Cash flow ratio %	1.87	29.28	23.26	-7.66	-7.85	-0.55		
	Cash flow adequacy ratio %	60.87	19.99	3.72	-1256.05	40.58	29.21	8	
	Cash flow reinvestment ratio %	0.7	12.94	11.29	0	0	0		
Leverage	Operating leverage	1	1	1	1	2.37	1.73	9	
	Financial leverage	51.25	-0.94	1.31	2.31	1.25	1.11	10	

Note: Analysis of changes of over 20% between 2021 and 2022:

1. The decrease in current ratio and quick ratio of solvency is due to the increase in long-term loans due within one year or one business cycle in 2022 years.
2. The increase in interest coverage ratio is due to the increase in pre-tax net profit in 2022 compared to 2021.
3. The increase in the turnover rate of accounts receivable and the decrease in the turnover days of accounts receivable were due to the decrease in the average amount of accounts receivable.
4. The decline in inventory turnover and the increase in average sales days were due to the substantial increase in inventory at the end of 2022.
5. The turnover ratio of accounts payable decreased due to the increase of accounts payable.
6. The decline in various ratios of profitability is due to the fact that in 2021, there was a profit from the equity of Continental Huayi Technology (Ji'an) Co., Ltd., resulting in a decrease in net profit in the current period of 2022 compared with 2021.
7. The increase in the ratio of operating profit and pre-tax net profit to paid-in capital is due to the increase in operating gross profit margin in 2022 compared to 2021.
8. The increase in the cash flow allowable ratio is due to the development of Action Science and Technology Park, the collection of pre-sale deposits from customers, and the decrease in cash outflows from operating activities.
9. The increase in operating leverage was due to the increase in depreciation expenses and amortization expenses.
10. The decrease in financial leverage was due to the increase in operating profit-interest expense results.

2.Parent Company

Items \ Year		Financial Analysis in most recent years					Remark
		2018	2019	2020	2021	2022	
Financial Structure%	Debt ratio %	25.56	21.97	22.00	21.18	17.05	
	Long-term funds to property, plant and equipment %	2,132.6	1,865.2	4,735.93	5,483.94	5,658.41	
Liquidity	Current ratio %	86.05	88.48	90.61	147.73	191.14	1
	Quick ratio %	51.01	53.92	63.86	88.04	109.36	1
	Times interest earned (times)	12.53	7.29	6.85	33.8	11.18	2
Operating performance	Average receivables turnover (times)	7.95	7.38	7.77	7.14	7.84	
	Days sales outstanding	45.91	49.46	46.98	51.12	46.55	
	Average inventory turnover (times)	3.29	2.57	2.68	2.15	1.64	3
	Average payables turnover (times)	15.32	14.22	12.93	11.11	9.69	
	Average turnover days	110.94	142.02	136.19	169.77	222.56	3
	Property, plant and equipment turnover (times)	6.16	4.77	5.72	9.95	10.00	
Profitability	Total assets turnover (times)	0.22	0.19	0.18	0.16	0.16	
	Return on assets%	4.43	1.77	1.56	6.16	2.81	4
	Return on stockholders' equity %	5.68	2.06	1.75	7.65	3.24	4
	Pre-tax income to paid-in capital %	5.50	1.98	1.70	8.25	3.05	4
	Net profit margin %	18.58	8.13	7.74	36.49	16.51	4
	Earnings per share (NTD)	0.53	0.20	0.17	0.75	0.33	4
Cash Flow	Cash flow ratio %	-15.56	5.19	33.02	6.49	53.21	5
	Cash flow adequacy ratio %	107.4	28.14	-27.57	-55.35	144.25	5
	Cash flow reinvestment ratio %	0	5.1	10.81	0.12	3.59	5
Leverage	Operating leverage	1.00	1.00	1.00	1.00	0.70	
	Financial leverage	0.73	0.86	0.61	0.91	0.91	

Note: Analysis of changes of over 20% between 2021 and 2022:

1. The increase in current ratio and quick ratio of solvency is mainly due to the decrease in short-term borrowings in 2022.
2. The decrease in the interest coverage ratio was due to the profit from the disposal of the shares of Continental Huayi Technology (Ji'an) Co., Ltd. in 2022.
3. The decrease in the inventory turnover rate and the increase in the average sales days were mainly due to the increase in the average inventory.
4. The decline in various ratios of profitability is mainly due to the profit from the disposal of shares in Continental Huayi Technology (Ji'an) Co., Ltd. in 2021 years.
5. The increase in various ratios of cash flow was mainly due to the increase in cash inflow due to the repatriation of earnings of subsidiaries.

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

1.Capital structure

(1)Debt ratio = total liabilities / total assets

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

2. Liquidity

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets – inventory – prepaid expenses – non-current assets held for sale – other current assets) / current liabilities

(3)Times interest earned = income before interest and tax / interest expenses

3.Operating performance

(1)Average receivables (including accounts receivable and notes receivable arising from business operations) turnover = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period

(2)Days sales outstanding = 365 / average receivables turnover

(3)Average inventory turnover = cost of sales / average inventory

(4)Average payables (including accounts payable and notes payable arising from business operations) turnover = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period

(5)Average inventory turnover days = 365 / average inventory turnover

(6)Property, plant and equipment turnover = net sales / average net worth of property, plant and equipment

(7)Total assets turnover = net sales / average total assets

4.Profitability

(1)Return on assets = [net income + interest expenses (1- tax rate)] / average total assets

(2)Return on stockholders' equity attributable to the parent company = net income attributable to stockholders of the parent / average total equity attributable to the parent company

(3)Net profit margin = net income / net sales

(4)Earnings per share = (net income attributable to stockholders of the parent – preferred shares dividends) / weighted average number of outstanding shares(Note4)

5.Cash flow

(1)Cash flow ratio = net cash provided by operating activities / current liabilities

(2)Cash flow adequacy ratio = five-year sum of net cash provided by operating activities / five-year sum of capital expenditures, inventory increase and cash dividend

(3)Cash flow reinvestment ratio = (net cash provided by operating activities – cash dividend) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital (Note5)

6.Leverage

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

(2)Financial leverage = operating income / (operating income – interest expenses)

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

6-4. Consolidated Financial Statements audited by CPA

6-5. Parent Company Only Financial Statements audited by CPA: Please refer to appendix B

6-6.The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2021 and as of the date of this Annual Report: None

VII 、 Financial status,analysis of operating result and risk management

7-1 、 Financial status

Unit:NT thousands

Year	2022	2021	Difference		
Items			Amount	%	Remark
Current Assets	2,349,594	2,198,507	151,087	7	
Property, Plant and Equipment	162,456	162,982	(526)	0	
Intangible assets	213,842	219,380	(5,538)	(3)	
Other assets	1,898,029	1,779,985	118,044	7	
Total assets	4,623,921	4,360,854	263,067	6	
Current Liabilities	1,501,065	980,983	520,082	53	1
Non-current liabilities	292,615	544,439	(251,824)	(46)	2
Total Liabilities	1,793,680	1,525,422	268,258	18	
Equity attributable to shareholders of the parent	2,830,241	2,835,432	(5,191)	0	
Capital stock	2,771,575	2,771,575	0	0	
Capital surplus	1602	1602	0	0	
Retained earnings	490,443	479,002	11,441	2	
Other equity interest	(433,379)	(416,747)	(16,632)	4	
Non-controlling interest	0	0	0	0	
Total equity	2,830,241	2,835,432	(5,191)	0	

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

Description:

1. The main reason for the increase in current liabilities: the long-term loan of the subsidiary Far Year Construction Co., Ltd. was transferred to the loan due within one year.
2. The main reason for the decrease in non-current liabilities: the long-term loan of the subsidiary Far Year Construction Co., Ltd. was transferred to the loan due within one year.

(II) Future response plan:

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

7-2、Operating Performance Analysis

Unit: NT thousands

Items	2022	2021	Differences		
			Amount	%	Remark
Operating Revenue	1,486,401	1,535,992	(49,591)	(3)	1
Gross profit	390,764	344,472	46,292	13	
Operating Expense	335,973	329,130	6,843	2	
Operating income	54,791	15,342	39,449	257	1
Non-operating income and expenses	54,221	43,875	10,346	24	2
Net Income before tax	109,012	59,217	49,795	84	1
Corp.Tax	17,238	48,373	(31,135)	(64)	3
Loss of closed business units	0	198,757	(198,757)	(100)	4
Net income (Loss)	91,774	209,601	(117,827)	(56)	4

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

1. Operating revenue and net income before tax: Mainly due to the successful development of customers and products in the automotive electronics business group, which improved total gross profit and increased operating revenue and net income before tax.
2. Non-operating income and expenses: Mainly due to the increase in exchange gain in 2022 compared to the exchange gain in 2021.
3. Income tax gain: Income tax expense was recognized mainly due to the decrease in deferred income assets in 2021 and the decrease in deferred income tax liabilities in 2022, therefore, the difference between the two periods resulted in a decrease in income tax expense
4. Income from discontinued operations and net income (loss) for the period: In 2021, there was an income from discontinued operations resulting from the sale of the equity interest in Far Year Technology (Ji'an) Co., Ltd., this was not the case in 2022, so the net income for 2022 decreased significantly.

7-3、Analysis of changes in cash flow

(I) Cash flow this year

Unit: NT\$ Thousand

Cash balance at early stage	Annual net cash flow from operating activities	Annual net cash outflow into investment and financing activities	Cash remaining amount	Remedial measures for expected cash shortage	
				Investment plan	Financial plan
46,716	283,058	(148,880)	180,894	Not applicable	Not applicable

(2) Analysis of changes in cash flow in the current year:

- Operating activities:Repatriation of earnings from subsidiaries increases cash.
- Investing activities:The cash inflow was NTD65,049 Thousand, which is due to the decrease of fixed deposits with maturity of more than three months.
- Financing activities: The cash outflow is NTD214,929 Thousand, which is the distribution of cash dividends and the repayment of bank loans.

(II) Analysis of changes in cash flow this year

Unit: NT\$ Thousand

Item \ Year	2022	2021	Difference	
			Amount	Description
Operating activities	283,058	31,018	252,040	In 2022, increased dividends received from subsidiaries
Investment activities	66,049	(7,850)	73,899	In 2021 year refers to the increase of the fixed deposit maturity date of more than 3 months, and 2022 is Decrease.
Financing activities	(214,929)	(33,695)	(181,234)	Payment of cash dividends and repayment of bank loans.
Net cash flow	134,178	(10,527)	144,705	

(III) Analysis of cash liquidity in the coming year

Unit: NT\$ Thousand

Cash balance at early stage	Annual net cash flow from operating activities	Estimated annual net cash inflow from investment and financing activities	Cash remaining amount	Remedial measures for expected cash shortage	
				Investment plan	Financial plan
180,894	126,365	(158,725)	148,534	Not applicable	Not applicable

Analysis of changes in cash flow :

Operating activities: Increase in cash dividends in 2022 and increase in long-term loans in 2021. Operating related activities are expected to generate a net cash inflow of NT\$126,365 thousand. In addition to continuing to expand the sales of the Kolin brand business channel, Receive dividends from subsidiaries

Investment and financing activities: The estimated cash outflow is NT\$158,725 Thousand mainly due to cash dividends, loans to subsidiaries and and repayment of bank loans.

7-4 、 The impact resulted from major capital expenditures on financial operations in the most recent year: No major capital expenditures in the most recent year

7-5 、 The reinvestment policy in the most recent year and the main reasons for profit or loss and its improvement plan and investment plan for the next year

(一) The equity in earnings of subsidiaries and affiliates accounted for under the equity method decreased by NT\$147,447 thousand to NT\$145,146 thousand compared to \$292,593 thousand in 2021, mainly due to the disposal of 100% of the shares of overseas subsidiary Far Year Technology (Ji'an) Co. The gain on investment was NT\$198,751 thousand.

(二) The overseas subsidiaries are now steadily profitable. In the future, we will carry out organizational restructuring and resource integration to enhance overall operating efficiency and industry competitiveness.

(三) Estimated investment in the coming year: The Board of Directors approved the investment in the construction of the "Yixing Technology Park" in 2020 and will continue to implement the construction plan in the coming year.

7-6 、 Analysis and assesment of risk management items in the most recent year and as of the date of publication of the annual report:

(I) The impact of recent annual interest rate, exchange rate changes, and inflation on the company's profit and loss and future countermeasures:

1. The company and its subsidiaries borrow mainly in New Taiwan dollars, followed by U.S. dollars. It is a fixed-interest debt, which is subject to changes in market interest rates and has little influence on future cash flows, but it is still subject to fair value interest rate risk. For debts with floating interest rates, changes in market interest rates will cause the effective interest rate of the debt to change, which will cause fluctuations in its future cash flow. Some risks can be offset by cash held at floating interest rates and current cash.
2. The impact of exchange rate changes: the main procurement and sales of the company and its consolidated subsidiaries are denominated in US dollars, and the fair value will change with fluctuations in market exchange rates. However, the company and its subsidiaries hold foreign currency assets and liabilities and the period of receipt and payment can be made to offset each other's market risks.
3. Inflation impact: The company has no significant financial impact due to inflation. The company will pay close attention to fluctuations in market prices and maintain a good interactive relationship with suppliers and customers.

(II) In recent years, high-risk, high-leverage investments, capital loans to others, endorsements and derivatives trading policies, main reasons for gains or losses, and future response measures:

1. The company does not engage in high-risk, high-leverage investment activities.
2. Fund loan to others and endorsement guarantee: mainly due to the operating needs of the company and its affiliated companies, all are handled in accordance with the "Fund Loan to Others Operation Procedure" and "Endorsement Guarantee Operation Procedure".
3. Derivative products that the company has not signed in 2022.
4. Response measures: The financial risk management policies of the company and its subsidiaries are affected by the characteristics of the electronics and home appliance industries. The financial risks which the consolidated company faced include changes in operating fund, credit risk and financial product investment. In order to achieve the best risk position, the company plans to adopt different strategies for different risks:
 - (1) Hedging strategy for changes in operating fund: The company has appropriate short-term bank loan quotas, and grasps the timing of cash inflows and outflows to maintain proper liquidity on capital allocation.
 - (2) Credit risk: The company has a strict credit evaluation policy, only transacting with counterparties with good credit status, and timely use of debt preservation measures to reduce credit risk.
 - (3) Financial product investment: Among the equity financial products invested by the company, financial assets belonged to fair value changes are classified as gains and losses, which can activate market, and easily sold out in the market at

a price close to fair value. Significant Liquidity Risk is not expected to happen.

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

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

1. Future R&D plan:

Subsidiaries ACTION INDUSTRIES (M) SDN. BHD. and ACTION ASIA (SHENZHEN) CO., LTD.(亞憶電子(深圳)) have established long-term cooperative relations with customers, focusing on the development, production and sales of automotive electronic audio-visual entertainment products. It is foreseeable that AI intelligence and Internet will be injected into automotive electronics business in the future. high value-added new products

2. Estimated R&D expenses:

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

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

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

The consumer electronics market continues to launch new products, resulting in an accelerated replacement cycle, making technology products popularized and low-priced; Coupled with the supply chain crisis caused by the epidemic,, the profitability of each other has been compressed, so the company needs to precisely grasp the pulse of the industry and market demand, and have a keen market forecast for the terminal sales of the product line. At the same time, it is necessary to review and grasp the risk of price drop of inventory and its crowding effect on liquidity of fund to respond to technological changes bring about business impact at any time. Currently, the company has a stable financial structure and sufficient cash flow. In the future, in addition to striving for excellence in the existing product market, expanding market share, and continue to immigrate new business divisions for market allocation and launch new products with high added value and competitiveness.

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

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

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

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

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

Material Input: The procurement of key components of the company's products is through direct negotiations with the original manufacturer to ensure normal

supply and maintain price advantages. The supply of various raw materials also shall be maintained two or more suppliers to avoid goods resources controlled by others and maintain the flexibility of bargaining. So far, the company and the suppliers mutually keep maintaining good interaction.

Sales: The company's marketing allocation:

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

- (1) Electronic manufacturing business system: Malaysia's Markin plant of ACTION INDUSTRIES(M)SDN.BHD. and Shenzhen plant of Action Asia Co., Ltd. develop multimedia products for automobiles, multi-point marketing with the same model, exclusive management, and transformed as simple In-car Platform products.
- (2) Channel service business system: Taiwan Action Electronics Co., Ltd. and Realise Tech Service Co., Ltd. are the main roleplayer to promote popularity of Kolin brand through diversified operation of brand management, boost flexible channel sales (distribution: 36%, wholesales: 15%, special sales: 20%, project: 29 %), actively develop niche markets.
- (3) Asset revitalization system: Shanghai Action is the main asset revitalization system through warehousing and logistics, and the high occupancy rate can generate stable profits for the Group every year. In addition, Far Year Construction is actively developing the "ACTION Technology Park", which is expected to generate profits for the Group through its innovative value.

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

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

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

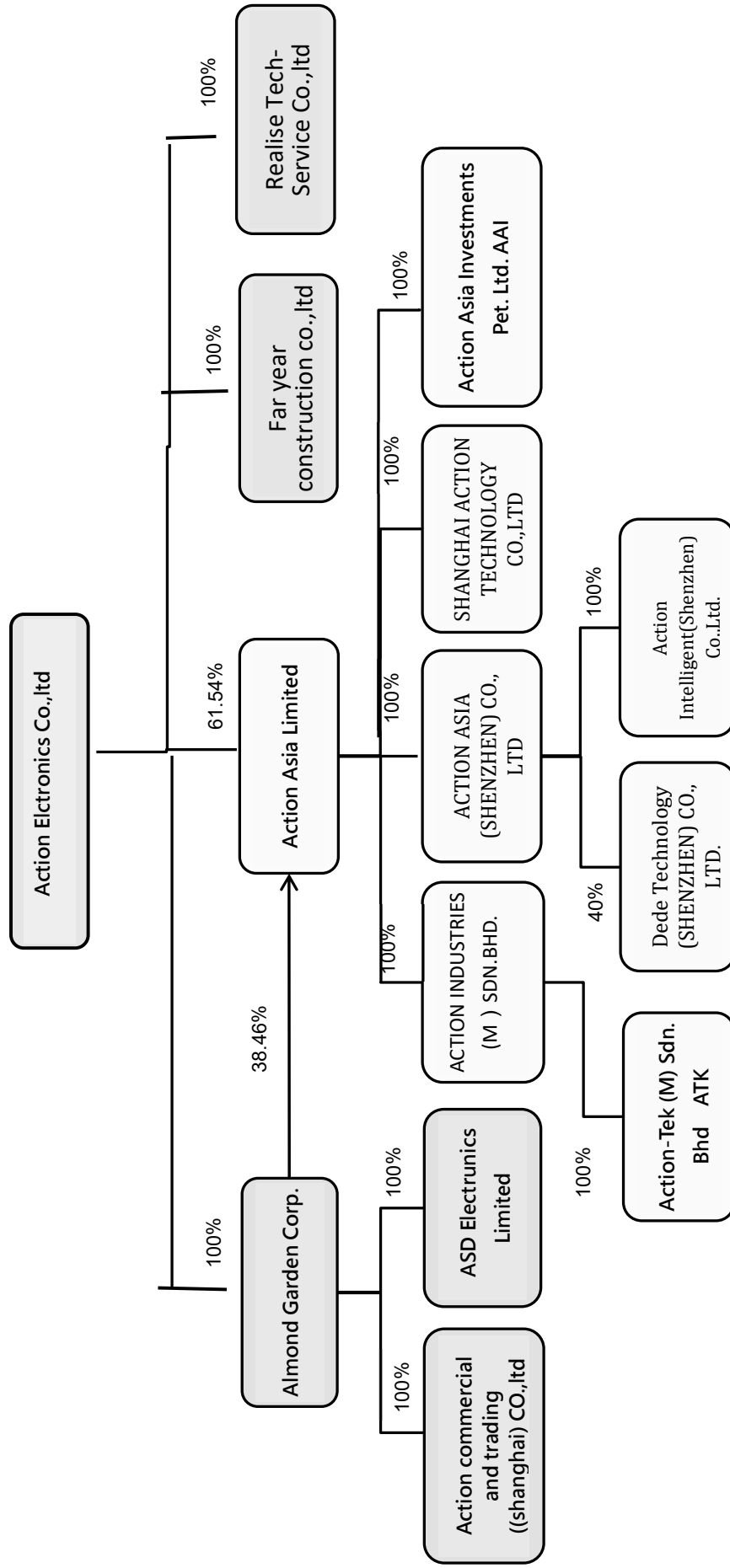
(XIII) Other important risks and corresponding measures: None.

7-7 、 Other important matters: None.

VIII 、Special Notes

8-1 、Information of associated enterprises

(1) 1.Organizational Chart of Associated EnterpriseConsolidated Financial Statement of Associated Enterprises Organizational Chart of Associated Enterprise s



2.The Company does not have the conditions determined to be a controlling or subordinate relationship under Article 369-3 of the Company Act:None

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

2. Basic Information for the Affiliates

Name of Corporation	Date of establishment	address	Paid-in Capital	Maior Business/Production Items	Unte:dollars
ACTION ASIA LIMITED	August 2,2002	77 Robinson Road, #13-00 Robinson 77, Singapore 068896.	SGD 244,929,207	Holding Company	
Action Asia Investment Pte. Ltd.	August 12,2022	77 Robinson Road, #13-00 Robinson 77, Singapore 068896.	SGD 1	Holding Company	
ACTION INDUSTRIES (M) SDN.BHD.	December 8,1987	2480,TINGKAT PERUSAHAAN ENAM, PRAI FREE TRADE ZONE,13600 PERAI, PENANG, MALAYSIA.	RM 13,200,000	Manufacturing and selling of LCD TV for Auto	
ACTION –TEK SDN.BHD	Sep 15,2005	2480,TINGKAT PERUSAHAAN ENAM, PRAI FREE TRADE ZONE,13600 PERAI, PENANG, MALAYSIA	RM 2	Consumer Electronics Product Development	
SHANGHAI ACTION TECHNOLOGY CO.,LTD	February 3, 2004	333 Xingbang Road, Jiading Industrial Zone, Shanghai, China	RMB 140,840,981	Warehousing and storage	
Action commercial and trading (shanghai) CO.,ltd	November 22,1994	333 Xingbang Road, Jiading Industrial Zone, Shanghai, China	RMB 129,994,400	LCD TV products	
ACTION ASIA (SHENZHEN) CO., LTD	February 4,2005	Room 201, Jinxing Industrial Park, Jian'an Road, Zhancheng Community, Fuhai Street, Baoan District, Shenzhen	RMB 33,711,997	Manufacturing and sales of auto electrical products and accessories services	
Action Intelligent(Shenzhen) Co.,Ltd.	Sepertember 7,2016	Room 201, Jinxing Industrial Park, Jian'an Road, Zhancheng Community, Fuhai Street, Baoan District, Shenzhen	RMB 400,000	R&D and sales of AI products	
ALMOND GARDEN CORP.	July 29,1994	CITCO BUILDING, WICKHAMS CAY, P.O. BOX 662, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS.	HKD 105,658,410	Holding Company	
ASD ELECTRONLCS LIMITED	July 9, 2004	Unit 903,9/F · Tower 2 Enterprise square.No.9,Hong Kong	HKD 4,175,000	R&D and sales	
REALISE TECH-SERVICE.,LTD	November24,1998	New North City Triple Zone Rerot Road 5 section 609 Lane 4 8F 9	NTD 60,000,000	Sales and maintance of electrical products	
FAR YEAR CONSTRUCTION CO.,LTD	June25,2019	198 Zhongyuan Road, Zhongyuan District, Taoyuan City	NTD 200,000,000	Real Estate development	

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

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

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

3 、.Data for Common Shareholders of Treated as Controlled Companies and Affiliates: None

4 、.Bussiness scope of Affiliated Enterprises

The business of the Company and its affiliates includes:

- (1)Electronic Components Manufacturing
- (2)The sales of Home Appliances
- (3)Investment
- (4)Import and Export
- (5)Leasing of Warehousing and Storage

5. Directors, Supervisors and Presidents of Affiliated Enterprises

Unit : NT\$; Share : % (Except for specially noted)

Company (no.1)	Title	Name or representative	ShareHolding(no.2)	(no.3)
			Shares/Amount	%
Almond Garden Corp.(Note3)	Chairman	Peng, Chiun-Ping	HKD 105,658,410	100.00%
	Director	Chao, Teng Pang		
	Directorvesme	Peng, Ting-Yu		
Action Asia Limited(Note3)	Director	Chao, Teng Pang	SGD 149,511,976 93,452,231	61.54% 38.46%
	Director	Peng, Ting-Yu		
	Director	Chow Hong Luen Irwin		
Action Asia Invesment Pte. Ltd.	Director	Li Yuanjian	SGD 1	100.00%
Realise Tech-Service Co.,Ltd (Note.3)	Director	Chao, Teng Pang	NTD 6,000,000Share /60,000,000	100.00%
	Director	Peng, Ting-Yu		
	Director	Liu, Chiu Chi		
	Director	Guo, Jianli		
	Director	Gao Shixiang		
	supervisor	Vicent Weng		
Far Year Construction Co.,Ltd(Note.3)	Chairman	Peng, Chiun-Ping	NTD 20,000,000 Share /200,000,000	100.00%
	Director	Chao, Teng Pang		
	Director	Jin -Wan Tsai		
	Director	Jeffery Peng		
	Director	Wen Yu Mei		
ASD Electronics Limited (Note4)	Chairman	Peng Ting-Yu	HKD 4,175,000	100.00%
	Director	Chao Teng Pang		
	Director	Luo Wanhua		
Action Industries(M) Sdn.Bhd. (Note.5)	Chairman	Peng Ting-Yu	RM 13,200,000	100.00%
	Director	Peng Chiun-Ping		
	Director	Chao, Teng Pang		
	Director	Joanna Chuang		
	Director	Chew Ah Tee		

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

Name of Corporation (Note1)	Title	Name or representative	ShareHolding(no.2)	(No.3)
			Shares/Amount	%
Action-Tek (Note.7)	Chairman	Chew Ah Tee	RM 2	100.00%
	director	Ang Gaik Sim		
Shanghai Action Technology Co.,Ltd (Note.5)	Chairman	Peng Chiun-Ping	RMB 140,840,981	100.00%
	director	Wu Wenyuan		
	director	Peng Jeffery		
	director	Peng Hsiuyun		
	director	Peng Ting-Yu		
	supervisor	Chao Teng Pang		
Action commercial and trading (shanghai) CO.,ltd (Note.4)	Chairman	Peng Hsiuyun	RMB 129,994,400	100.00%
	director	Peng Jeffery		
	director	Lian Hongyuan		
	director	Chao Teng Pang		
Action Asia (Shenzhen) Co., Ltd. (Note.5)	Chairman	Peng Ting-Yu	RMB 33,711,997	100.00%
	director	Chao Teng Pang		
	director	Peng Chiun-Ping		
	director	Peng Chiun-Tian		
	director	Peng Hsiuyun		
	director	Wen Yu mei		
	director	Luo Wan Hua		
	supervisor	Liu Chiu Chi		
Action Intelligent (Shenzhen) Co.,Ltd (Note.6)	Chairman	Peng Ting-Yu	RMB 400,000	100.00%
	director	Chao Teng Pang		
	director	Chew Ah Tee		
	director	Luo Wan Hua		
	supervisor	Xie Yongli		

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

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

Note 3: The Company's transfer investment company: Almond Garden Corp., Action Asia Limited, Realise Tech-Service.,Ltd., Far Year Construction Co.,Ltd

Note 4: The Company's indirect transfer investment company, by Alomnd Garden Corp. : to invest in the company:ASD ELECTRONICS LIMITED, Action commercial and trading (shanghai) CO.,ltd.

Note 5: It is a transfer investment company between the Companies, converted by Action Asia Limited Investment Company: Action Industries(M) Sdn.Bhd., Action Asia (Shenzhen) Co., Ltd. Shanghai Action Technology Co.,Ltd,Action Asia Invesment Pte.Bhd.

Note 6: Department of the Company between the transfer of investment companies, by Action Asia (Shenzhen) Co., Ltd to invest in the company: Action Intelligent (Shenzhen) Co.,Ltd

Note 7: Department of the Company between the transfer of investment companies, by Action Industries(M) Sdn.Bhd to invest in the company: Action-Tek Sdn. Bhd.

(2) Operating Performance of Affiliated Enterprises

Financial Results and Operating Performance of Affiliated Enterprises

Unit : NT\$ Thousand (Except for specially Noted)

Name of Corporation	Paid-in Capital	Total Assets	Total Assets	Net Worth	Net Revenues	Operating Income(Loss)	Net Income (After Tax)	EPS (NT\$)
ACTION ELECTRONICS CO.,LTD	2,771,575	3,412,079	581,838	2,830,241	555,983	(83,437)	91,774	0.33
ACTION ASIA LIMITED	434,720	1,993,323	16,594	1,976,729	0	(871)	138,867	0.57
SHANGHAI ACTION TECHNOLOGY CO.,LTD	620,827	1,040,621	76,875	963,746	135,844	70,978	60,400	0.43
ACTION INDUSTRIES (M) SDN.BHD.	91,817	396,943	186,786	210,157	468,365	43,267	37,569	2.85
ACTION ASIA (SHENZHEN) CO., LTD	148,602	854,700	80,481	774,219	496,283	20,772	46,663	1.38
Action Intelligent(Shenzhen) Co.,Ltd	1,763	7,864	3,721	4,143	25,600	(634)	(248)	(0.62)
ALMOND GARDEN CORP.	416,083	817,257	184	817,073	0	(821)	65,868	4.54
ASD ELECTRONICS LIMITED	16,441	14,506	2,027	12,479	28,598	(560)	(638)	(0.15)
REALISE TECH-SERVICE.,LTD	60,000	86,170	43,372	42,798	214,855	6,368	6,417	1.07
Far Year Construction Co.,Ltd	200,000	1,069,013	888,152	180,861	0	(6,219)	(6,204)	(0.31)
Action-Tek Sdn.,Bhd	2	10	846	(836)	0	(83)	(83)	0
Action commercial and trading (shanghai) CO.,Ltd	529,218	33,375	996	32,379	0	(54)	(54)	(0.42)
Action Asia Investment Pte Ltd.	0	0	0	0	0	0	0	0

8-2 、 Private Placement Securities as of the Date of Printing of the Annual Report in most recent years: None.

8-3 、 Acquisition or disposal of the Company's shares by its subsidiaries of the latest year and up to the date of printing of the Annual Report:None

8-4 、 Other matters requiring supplementary information: None

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

Disclosures of Events Which May Have a Significant Influence on Stockholders' Equity or Share Price, in Compliance with Item 2, Paragraph

2 In Article 36 of the Securities and Exchange Law of the R.O.C. during 2020 and as of the Annual Report Printing Date: None

Appendix A:

**ACTION ELECTRONICS CO., LTD. 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	6(2)						
	through profit or loss			46,687	1		12,002	-
1120	Current financial assets at fair value	6(3)						
	through other comprehensive income			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			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)

	Items	Notes	Year ended December 31			
			2022		2021	
			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.

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Equity attributable to owners of the parent										Non-controlling interest	Total equity
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings				Other equity interest				
				Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total			
2021												
Balance at January 1		\$ 1,602	\$ 20,301	\$ 204,418	\$ 69,785	(\$ 470,283)	\$ 21,312	\$ 2,618,710	(\$ 4,486)		\$ 2,614,224	
Profit for the year	6(22)	-	-	-	208,540	-	-	208,540	1,061		209,601	
Other comprehensive income (loss) for the year		-	-	-	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		\$ 1,602	\$ 24,671	\$ 239,553	\$ 214,778	(\$ 518,970)	\$ 102,223	\$ 2,835,432	\$ -		\$ 2,835,432	
2022												
Balance at January 1		\$ 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		\$ 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)

		Year ended December 31	
	Notes	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)

		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)	\$ 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		126,212	28,889
<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		41,049	174,135
Effect of exchange rate changes		13,737	3,220
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		\$ 729,382	\$ 666,267

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

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organisation

Action Electronics Co., Ltd. (the “Company”) was incorporated on July 21, 1976 and transferred its listing from the Taipei Exchange to the Taiwan Stock Exchange in August 2000. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the sale, repair and installment services of a variety of home appliances, manufacture, processing and trade of audio-visual electronic products, warehousing services, housing and building development and rental, real estate leasing and trading, etc.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 14, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting

Standards (“IFRS”) came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or

liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

investor	subsidiary	activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
The Company	ACTION ASIA LTD. (AAL)	A holding and investment company	61.54%	61.54%	
The Company	ALMOND GARDEN CORP. (AGC)	A holding and investment company	100.00%	100.00%	
The Company	REALISE TECH-SERVICE CO., LTD.	Repair services of electronic information products	100.00%	100.00%	
The Company	FAR YEAR CONSTRUCTION CO., LTD. (formerly ‘ACTION ASIA DEVELOPMENT IND CO., LTD.’)	Housing, building and industrial factory development and rental and real estate leasing and trading	100.00%	100.00%	Note 2
AAL	ACTION INDUSTRIES(M) SDN. BHD. (AMP)	Manufacture and sale of car LCD TVs	100.00%	100.00%	
AAL	SHANGHAI ACTION TECHNOLOGY CO., LTD.	Warehousing services	100.00%	100.00%	
AAL	ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	Research and development, manufacture and sale of electronic products and accessories	100.00%	100.00%	
AAL	ACTION ASIA INVESTMENT PTE.LTD.(AAI)	A holding and investment company	100.00%	0.00%	Note 3

investor	subsidiary	activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
AAS	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	Research and development, manufacture and sale of electronic products and accessories	100.00%	100.00%	
AMP	ACTION-TEK SDN. BHD.	Research and development of consumer electronic products	100.00%	100.00%	
AGC	ASD ELECTRONICS LIMITED	Research and development and sale	100.00%	100.00%	
AGC	ACTION ASIA LTD. (AAL)	A holding and investment company	38.46%	38.46%	
AGC	ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	LCD TV products	100.00%	100.00%	

Note 1: On March 29, 2021, the Board of Directors of the Company resolved to dispose a 100% equity interest in ACTION TECHNOLOGY (JIAN) CO., LTD., which was held by the subsidiary, ALMOND GARDEN CORP. (AGC), and set the disposal effective date on June 2, 2021. The consolidated financial statements have classified the assets and liabilities related to ACTION TECHNOLOGY (JIAN) CO., LTD. to disposal group held for sale and liabilities directly relating to disposal group held for sale for meeting the definition of discontinued operations, and profit or loss of discontinued operations was presented separately in the consolidated statement of comprehensive income. The 2020 consolidated statement of comprehensive income has been restated in accordance with the IFRS 5. Refer to Note 6(7) for details.

Note 2: In the third quarter of 2021, ACTION ASIA DEVELOPMENT IND CO., LTD. was renamed as FAR YEAR CONSTRUCTION CO., LTD.

Note 3: AAL founded ASIA INVESTMENT PTE.LTD. (AAI) in 2022.

A. Subsidiaries not included in the consolidated financial statements: None.

B. Adjustments for subsidiaries with different balance sheet dates: None.

C. Significant restrictions: None.

D. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

B. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

C. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

Part of the Group's business is to entrust construction companies to build buildings or plants for sale and to undertake construction and related engineering works. The operating cycles are usually longer than a year, and thus assets and liabilities related to construction and engineering works are classified as current and non-current according to their operating cycles. The classification standard of the remaining accounts is as follows:

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

C. The operating cycles of the construction of buildings for sale and construction contracts are usually longer than a year, and thus assets and liabilities related to the building construction and long-term construction contracts are classified as current and non-current according to their operating cycles.

(6) Cash equivalents

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

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

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

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

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

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

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

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

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

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

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

(9) Financial assets at amortised cost

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

- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

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

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

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

(14) Non-current disposal groups held for sale

A. Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

B. Discontinued operations

A discontinued operation is a component of the Group's business that either has been disposed of or is classified as held for sale, and represents either a separate major line of business or a geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(15) Investments accounted for using equity method / associates

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

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

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

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

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts

previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 56 years
Machinery and equipment	3 ~ 9 years
Office equipment	3 ~ 6 years
Other equipment	3 ~ 10 years

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

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

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(18) Investment property

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

(19) Intangible assets

A. Trademarks and patents

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

B. Computer software

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

C. Customer relationships

Customer relationships acquired from the acquisition of domestic and foreign subsidiaries are recognised at fair value at the acquisition date based on the appraisal report and are amortised on a straight-line basis over their estimated useful lives of 10 years.

D. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is

the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(21) Borrowings

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

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

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

(24) Provisions

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

(25) Employee benefits

A. Short-term employee benefits

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

B. Pension

(a) Defined contribution plan

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

(b) Defined benefit plans

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

C. Termination benefits

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

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

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

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods

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

- (b) Revenue from sales is recognised based on the price specified in the contract, net of the estimated sales returns, discounts and other allowances. Accumulated experience is used to estimate and provide for the sales returns, discounts and other allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability (shown as other current liabilities) and an asset recognised as right to recover products from customers (shown as other current assets, others) are recognised for expected sales returns and allowances payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The advances received before delivery of goods is recognised a contract liability.

B. Sales of services

Revenue from providing repair services is recognised when the services are rendered. Revenue arising from providing services under a contract is recognised by reference to the stage of completion of the contract activity.

C. Real estate sales revenue

The Group sells household and commercial buildings. Revenue is recognised when control of the real estate has transferred the customer, being the hand over and transfer of title to property. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title and control has passed to the customer. For the contracts between the Group and customers, as the time interval between the transfer of committed goods or service and the payment of customer may exceed one year, the Group does not adjust the transaction price to reflect the time value of money because the financing component in individual contract is immaterial.

D. Land development and resale

- (a) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

- (b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted because the contract does not include a significant financing component.

E. Incremental costs of obtaining a contract

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

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group’s chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group’s accounting policies

There were no critical judgements in applying the Group’s accounting policies during the year.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of intangible assets - trademark right

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

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory

consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

Details of the carrying amount of inventories as of December 31, 2022 are provided in Note 6(6).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 2,376	\$ 2,050
Checking accounts and demand deposits	625,567	611,748
Time deposits	101,439	52,469
	<u>\$ 729,382</u>	<u>\$ 666,267</u>

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

B. As of December 31, 2022 and 2021, the Group's time deposits with maturity over 3 months amounted to \$15,354 and \$145,090, respectively, and were recorded under 'financial assets at amortised cost – current'.

C. The Group's restricted bank deposits pertain to the trust funds from domestic pre-sale properties. The funds in the trust account are for special use only and shall not be withdrawn during the term of the trust, expect for expenses required for construction such as construction payments or various taxes. Refer to Note 9(6) for the trust agreement.

As of December 31, 2022 and 2021, the Group's restricted bank deposits amounted to \$74,900 and \$93,010, and were recorded under 'other current financial assets'.

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Fund beneficiary certificates	\$ 47,090	\$ 12,000
Valuation adjustment	(403)	2
	<u>\$ 46,687</u>	<u>\$ 12,002</u>

A. As of December 31, 2022 and 2021, the Group has no financial assets at fair value through profit or loss pledged to others.

B. Amounts relating to net gains (losses) on financial assets at fair value through profit or loss, recorded as 'other gains and losses', are provided in Note 6(26).

C. For the years ended December 31, 2022 and 2021, the Group sold fund beneficiary certificates for proceeds of \$8,274 and \$0, and recognised loss on disposal of \$730 and \$0, respectively.

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

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

Items	December 31, 2022	December 31, 2021
Current items:		
Equity instruments		
Emerging stocks	\$ 63,943	\$ 63,943
Valuation adjustment	47,822	102,223
	<u>\$ 111,765</u>	<u>\$ 166,166</u>

A. The Group has elected to classify strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$111,765 and \$166,166 as at December 31, 2022 and 2021, respectively.

B. For the years ended December 31, 2022 and 2021, the amounts of fair value changes recognised in other comprehensive income for financial assets at fair value through other comprehensive income were (\$54,401) and \$82,428, respectively.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$111,765 and \$166,166, respectively.

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

E. As of December 31, 2022 and 2021, the Group has no financial assets at fair value through other comprehensive income pledged to others.

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

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 13,748	\$ 26,520
Accounts receivable	125,651	161,545
Less: Loss allowance	(54,040)	(45,928)
	<u>\$ 85,359</u>	<u>\$ 142,137</u>

A. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$168,091.

B. As of December 31, 2022 and 2021, the Group has no notes and accounts receivable pledged to others.

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

(5) Other receivables

	December 31, 2022	December 31, 2021
Purchased receivables	\$ 4,431	\$ 4,366
Guarantee deposits receivable	2,228	2,195
Tax refund receivable - business tax	1,061	1,796
Others	93	10,791
	<u>\$ 7,813</u>	<u>\$ 19,148</u>
Less: Loss allowance	(6,659)	(6,560)
	<u>\$ 1,154</u>	<u>\$ 12,588</u>

(6) Inventories

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 91,736	(\$ 25,908)	\$ 65,828
Work in progress	32,117	(2,304)	29,813
Finished goods	35,242	(8,500)	26,742
Merchandise	189,081	(4,966)	184,115
Inventory in transit	46,406	(522)	45,884
Construction in progress	805,677	-	805,677
	<u>\$ 1,200,259</u>	<u>(\$ 42,200)</u>	<u>\$ 1,158,059</u>
December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 109,311	(\$ 21,339)	\$ 87,972
Work in progress	29,725	(1,353)	28,372
Finished goods	31,658	(5,693)	25,965
Merchandise	205,156	(4,356)	200,800
Inventory in transit	15,430	(256)	15,174
Construction in progress	386,025	-	386,025
	<u>\$ 777,305</u>	<u>(\$ 32,997)</u>	<u>\$ 744,308</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 984,182	\$ 1,092,069
Losses (gains) on inventory valuation	8,969 (	3,018)
Cost of services	77,876	74,460
Others	24,610	28,736
Less: Costs of discontinued operations	- (	727)
	<u>\$ 1,095,637</u>	<u>\$ 1,191,520</u>

Note: For the year ended December 31, 2021, the Group reversed from a previous inventory write-down because of the sale of some inventories which were provided with allowance for valuation loss.

(7) Non-current assets held for sale and discontinued operations

A. On March 29, 2021, the Board of Directors resolved to dispose a 100% equity interest in ATJ, which was held by the subsidiary, AGC, to the Group's related party, FARYEAR EDUCATION GROUP, and set the disposal effective date on June 2, 2021. Disposal proceeds were \$256,363 (RMB 59 million), accumulated translation adjustment was \$34,411, net asset value on disposal was \$85,834 and gain on disposal of investment was \$204,940 (shown as 'profit from discontinued operations').

(a) According to the mutual agreement, payments will be collected in 4 installments and will all be made before December 31, 2023. As the amount of \$130,674 (RMB 29 million) was collected in March 2022, all payments of the above transaction had been collected.

(b) To safeguard the Group's interests, FARYEAR EDUCATION GROUP shall pledge all of its ownership in ATJ to the Group as collateral for the outstanding payments. The pledge registration has been approved by the registration authority of Ji'an County on July 8, 2021. The Group collected all payments in the first quarter of 2022 and thus the pledge registration was released in March 2022.

The assets and liabilities related to ATJ (part of AGC segment) have been reclassified as held for sale and presented as discontinued operations for meeting the definition of discontinued operations.

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

There is no such case in 2022.

	Year ended December 31	
	2021	
Operating cash flows	\$	1,992
Investing cash flows		-
Financing cash flows		-
Total cash flows	<u>\$</u>	<u>1,992</u>

C. Analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets or disposal group, is as follows:

There is no such case in 2022.

	Year ended December 31
	2021
Operating revenue	\$ 4,152
Operating costs	(727)
	3,425
Operating expenses	(9,679)
Non-operating income and expenses	205,011
Profit before tax of discontinued operations	\$ 198,757

(8) Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Associates:		
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	\$ 589,109	\$ 558,287

A. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2022	December 31, 2021		
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	Mainland China	40%	40%	Strategic investments	Equity method

B. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheets

	December 31, 2022	December 31, 2021
Current assets	\$ 4,410	\$ 34,207
Non-current assets	1,962,924	1,909,626
Current liabilities	(28,973)	(9,501)
Non-current liabilities	(465,588)	(538,614)
Total net assets	\$ 1,472,773	\$ 1,395,718
Share in associate's net assets (carrying amount of the associate)	\$ 589,109	\$ 558,287

Statements of comprehensive income

	Year ended December 31	
	2022	2021
Revenue	\$ 112,696	\$ 113,398
Profit for the year from continuing operations	\$ 57,348	\$ 50,858
Total comprehensive income	\$ 57,438	\$ 50,858

- C. The Group's share of (loss) profit of investments accounted for using the equity method was recognised based on the associates' audited financial statements for the same period.
- D. Information about investments accounted for using the equity method that were pledged to others as collateral is provided in Note 8.

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Total
<u>At January 1, 2022</u>						
Cost	\$ 43,227	\$ 169,914	\$ 13,274	\$ 21,617	\$ 96,045	\$ 344,077
Accumulated depreciation	-	(71,017)	(9,479)	(14,462)	(86,137)	(181,095)
	<u>\$ 43,227</u>	<u>\$ 98,897</u>	<u>\$ 3,795</u>	<u>\$ 7,155</u>	<u>\$ 9,908</u>	<u>\$ 162,982</u>

2022

Opening net book amount as at January 1	\$ 43,227	\$ 98,897	\$ 3,795	\$ 7,155	\$ 9,908	\$ 162,982
Additions	-	4,980	91	4,550	1,427	11,048
Disposals	-	-	(2)	(63)	(1,287)	(1,352)
Depreciation charge	-	(5,451)	(1,846)	(1,273)	(3,637)	(12,207)
Net exchange differences	-	1,277	21	558	129	1,985
Closing net book amount as at December 31	<u>\$ 43,227</u>	<u>\$ 99,703</u>	<u>\$ 2,059</u>	<u>\$ 10,927</u>	<u>\$ 6,540</u>	<u>\$ 162,456</u>

At December 31, 2022

Cost	\$ 43,227	\$ 178,408	\$ 13,483	\$ 25,507	\$ 81,249	\$ 341,874
Accumulated depreciation	-	(78,705)	(11,424)	(14,580)	(74,709)	(179,418)
	<u>\$ 43,227</u>	<u>\$ 99,703</u>	<u>\$ 2,059</u>	<u>\$ 10,927</u>	<u>\$ 6,540</u>	<u>\$ 162,456</u>

	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Total
<u>At January 1, 2021</u>						
Cost	\$ 43,227	\$ 174,241	\$ 17,400	\$ 22,422	\$ 96,543	\$ 353,833
Accumulated depreciation	-	(68,617)	(11,065)	(13,942)	(83,406)	(177,030)
	<u>\$ 43,227</u>	<u>\$ 105,624</u>	<u>\$ 6,335</u>	<u>\$ 8,480</u>	<u>\$ 13,137</u>	<u>\$ 176,803</u>
<u>2021</u>						
Opening net book amount as at January 1	\$ 43,227	\$ 105,624	\$ 6,335	\$ 8,480	\$ 13,137	\$ 176,803
Additions	-	1,405	-	1,359	3,142	5,906
Disposals	-	-	(288)	-	-	(288)
Reclassifications	-	(2,279)	-	(667)	-	(2,946)
Depreciation charge	-	(4,078)	(2,298)	(1,621)	(6,215)	(14,212)
Net exchange differences	-	(1,775)	46	(396)	(156)	(2,281)
Closing net book amount as at December 31	<u>\$ 43,227</u>	<u>\$ 98,897</u>	<u>\$ 3,795</u>	<u>\$ 7,155</u>	<u>\$ 9,908</u>	<u>\$ 162,982</u>

<u>At December 31, 2021</u>						
Cost	\$ 43,227	\$ 169,914	\$ 13,274	\$ 21,617	\$ 96,045	\$ 344,077
Accumulated depreciation	-	(71,017)	(9,479)	(14,462)	(86,137)	(181,095)
	<u>\$ 43,227</u>	<u>\$ 98,897</u>	<u>\$ 3,795</u>	<u>\$ 7,155</u>	<u>\$ 9,908</u>	<u>\$ 162,982</u>

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

(10) Lease transactions — lessee

- A. The Group leases various assets including buildings and structure and transportation equipment. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise photocopiers. Low-value assets comprise office equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ -	\$ 1,279
Buildings and structures	63,943	43,405
Transportation equipment	199	995
	<u>\$ 64,142</u>	<u>\$ 45,679</u>

	<u>Year ended December 31</u>	<u>Year ended December 31</u>
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 528	\$ 524
Buildings and structures	27,554	17,950
Transportation equipment	796	795
	<u>\$ 28,878</u>	<u>\$ 19,269</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$61,354 and \$26,042, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31</u>	<u>Year ended December 31</u>
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,405	\$ 814
Expense on short-term lease contracts	3,221	3,226
Expense on leases of low-value assets	215	218
Gains arising from lease modifications	212	47

- F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$32,591 and \$27,379, respectively.
- G. The Group entered into land use right contracts for the lands in Shanghai and Penang, and subleased the lands under operating lease agreements. Details of relevant right-of-use assets that were recorded as investment property are provided in Note 6(12). The aforementioned amounts related to right-of-use assets do not include the right-of-use assets that meet the definition of investment property.

H. Information about the right-of-use assets that were pledged to others as collateral is provided in Note 8.

(11) Leasing arrangements – lessor

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 2 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be sublet, subleased and used as security, whether in whole or in part, by lessees.

B. For the years ended December 31, 2022 and 2021, the Group recognised rent income in the amounts of \$144,354 and \$147,240, respectively, based on the operating lease agreement.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
1 st year	\$ 134,117	\$ 131,825
2 nd year	81,480	89,416
3 rd year	26,719	39,210
4 th year	-	6,543
	<u>\$ 242,316</u>	<u>\$ 266,994</u>

(12) Investment property

	<u>2022</u>				
	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Investment property under construction</u>	<u>Total</u>
At January 1					
Cost	\$ 82,517	\$ 962,261	\$ 74,372	\$ 89,310	\$ 1,208,460
Accumulated depreciation and impairment	-	(184,050)	(15,335)	-	(199,385)
	<u>\$ 82,517</u>	<u>\$ 778,211</u>	<u>\$ 59,037</u>	<u>\$ 89,310</u>	<u>\$ 1,009,075</u>
Opening net book amount as at January 1	\$ 82,517	\$ 778,211	\$ 59,037	\$ 89,310	\$ 1,009,075
Additions	-	9,784	-	116,151	125,935
Depreciation charge	-	(23,263)	(1,619)	-	(24,882)
Net exchange differences	-	12,054	1,473	-	13,527
Closing net book amount as at December 31	<u>\$ 82,517</u>	<u>\$ 776,786</u>	<u>\$ 58,891</u>	<u>\$ 205,461</u>	<u>\$ 1,123,655</u>
At December 31					
Cost	\$ 82,517	\$ 986,392	\$ 76,134	\$ 205,461	\$ 1,350,504
Accumulated depreciation and impairment	-	(209,606)	(17,243)	-	(226,849)
	<u>\$ 82,517</u>	<u>\$ 776,786</u>	<u>\$ 58,891</u>	<u>\$ 205,461</u>	<u>\$ 1,123,655</u>

2021					
	Land	Buildings and structures	Right-of-use assets	Investment property under construction	Total
At January 1					
Cost	\$ 67,410	\$ 962,128	\$ 65,449	\$ 207,940	\$ 1,302,927
Accumulated depreciation and impairment	-	(164,156)	(3,259)	-	(167,415)
	<u>\$ 67,410</u>	<u>\$ 797,972</u>	<u>\$ 62,190</u>	<u>\$ 207,940</u>	<u>\$ 1,135,512</u>
Opening net book amount as at January 1	\$ 67,410	\$ 797,972	\$ 62,190	\$ 207,940	\$ 1,135,512
Additions	-	-	-	60,144	60,144
Reclassifications	15,107	9,135	22	(178,774)	(154,510)
Depreciation charge	-	(21,878)	(1,596)	-	(23,474)
Net exchange differences	-	(7,018)	(1,579)	-	(8,597)
Closing net book amount as at December 31	<u>\$ 82,517</u>	<u>\$ 778,211</u>	<u>\$ 59,037</u>	<u>\$ 89,310</u>	<u>\$ 1,009,075</u>
At December 31					
Cost	\$ 82,517	\$ 962,261	\$ 74,372	\$ 89,310	\$ 1,208,460
Accumulated depreciation and impairment	-	(184,050)	(15,335)	-	(199,385)
	<u>\$ 82,517</u>	<u>\$ 778,211</u>	<u>\$ 59,037</u>	<u>\$ 89,310</u>	<u>\$ 1,009,075</u>

- A. In the second quarter of 2021, the Group changed its plan regarding the future operating purpose of the ‘Yisheng Zhihui Science and Technology Park’ development project and decided to commission Haiju Development Co., Ltd. to sell the properties of this project. In accordance with IAS 40, the Group shall transfer the assets from investment properties to construction in progress (shown as ‘inventories’) when there is a change in use of property.
- B. The Group applied for a change of land planning to increase building bulk, and the application has been approved by the Ministry of Economic Affairs. According to the restrictions on property rights of increased building bulk under the agreement, 28.62% of area A and 21.29% of area B shall be retained and shall not be transferred to others without the consent of the Ministry of Economic Affairs within 5 years. As of December 31, 2022, the value of the retained property calculated by the Group based on the retained ratio was \$220,568, of which \$15,107 was recorded as investment property – land and \$205,461 was recorded as investment property – buildings.

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

	Year ended December 31	
	2022	2021
Rental income from investment property	\$ <u>144,354</u>	\$ <u>147,240</u>
Direct operating expenses arising from the investment property that generated rental income during the year	\$ <u>38,152</u>	\$ <u>47,365</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ <u>1,208</u>	\$ <u>1,553</u>

D. The fair value of the investment property held by the Group as at December 31, 2022 and 2021 were valued by the management based on the quoted prices in the neighboring area by real estate agents or information available on the real estate actual purchase price registration system, and some were valued by an external appraiser using the Level 3 inputs on the balance sheet date. The carrying amount of right-of-use assets was also considered in their valuations. Valuation methods used by the above external appraiser are comparison approach, cost approach and income approach.

The fair value of the investment property as at December 31, 2022 and 2021 was \$1,678,569 and \$1,483,624, respectively.

E. Amount of borrowing costs capitalised as part of investment property in 2022 and 2021 was \$7,918 and \$682, and the range of the interest rates for such capitalisation was 2.3% and 1.8%, respectively.

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

(13) Intangible assets

	Kolin trademark	Patents	Customer relationships	Others	Total
<u>At January 1, 2022</u>					
Cost	\$ 296,027	\$ 276	\$ 12,143	\$ 2,718	\$ 311,164
Accumulated amortisation	(77,536)	(276)	(11,637)	(2,335)	(91,784)
	<u>\$ 218,491</u>	<u>\$ -</u>	<u>\$ 506</u>	<u>\$ 383</u>	<u>\$ 219,380</u>
<u>2022</u>					
Opening net book amount as at January 1	\$ 218,491	-	\$ 506	\$ 383	\$ 219,380
Additions	493	-	-	457	950
Amortisation charge	(5,618)	-	(506)	(364)	(6,488)
Closing net book amount as at December 31	<u>\$ 213,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476</u>	<u>\$ 213,842</u>
<u>At December 31, 2022</u>					
Cost	\$ 289,605	\$ 276	\$ -	\$ 2,854	\$ 292,735
Accumulated amortisation	(76,238)	(276)	-	(2,379)	(78,893)
	<u>\$ 213,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ 213,842</u>

	Kolin trademark	Patents	Goodwill	Customer relationships	Others	Total
<u>At January 1, 2021</u>						
Cost	\$ 295,710	\$ 276	\$ 7,714	\$ 12,143	\$ 2,612	\$ 318,455
Accumulated amortisation	(71,928)	(276)	-	(10,423)	(2,343)	(84,970)
Accumulated impairment	-	-	(7,714)	-	-	(7,714)
	<u>\$ 223,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,720</u>	<u>\$ 269</u>	<u>\$ 225,771</u>
<u>2021</u>						
Opening net book amount as at January 1	\$ 223,782	-	\$ -	\$ 1,720	\$ 269	\$ 225,771
Additions	317	-	-	-	325	642
Amortisation charge	(5,608)	-	-	(1,214)	(211)	(7,033)
Closing net book amount as at December 31	<u>\$ 218,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506</u>	<u>\$ 383</u>	<u>\$ 219,380</u>
<u>At December 31, 2021</u>						
Cost	\$ 296,027	\$ 276	\$ 7,714	\$ 12,143	\$ 2,718	\$ 318,878
Accumulated amortisation	(77,536)	(276)	-	(11,637)	(2,335)	(91,784)
Accumulated impairment	-	-	(7,714)	-	-	(7,714)
	<u>\$ 218,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506</u>	<u>\$ 383</u>	<u>\$ 219,380</u>

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2022	2021
Selling expenses	506	1,214
General and administrative expenses	5,982	5,819
	<u>\$ 6,488</u>	<u>\$ 7,033</u>

(14) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate	Collateral
Bank borrowings			
Unsecured borrowings	\$ 30,000	1.93%	None
Secured borrowings	160,000	1.73%~2.08%	Refer to Note 8
	<u>\$ 190,000</u>		
Type of borrowings	December 31, 2021	Interest rate	Collateral
Bank borrowings			
Unsecured borrowings	\$ 40,000	1.30%~1.33%	None
Secured borrowings	354,910	1.22%~4.25%	Refer to Note 8
	<u>\$ 394,910</u>		

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Borrowing period is from June 2021 to June 2024; interest is repayable monthly; principal is repayable at maturity.	2.275%	Refer to Note 8	\$ 160,000
Secured borrowings	Borrowing period is from July 2021 to December 2023; interest is repayable monthly; principal is repayable at maturity.	2.425%	Refer to Note 8	546,315
Long-term borrowings due within one year or a operating cycle				(546,315)
				<u>\$ 160,000</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Secured borrowings	Borrowing period is from June 2021 to June 2024; interest is repayable monthly; principal is repayable at maturity.	1.65%	Refer to Note 8	\$ 160,000
Secured borrowings	Borrowing period is from July 2021 to December 2023; interest is repayable monthly; principal is repayable at maturity.	1.80%	Refer to Note 8	192,821
				<u>\$ 352,821</u>

(16) Other payables

	December 31, 2022	December 31, 2021
Royalties payable	\$ 52,014	\$ 42,185
Wages and salaries and bonuses payable	39,550	39,402
Employee bonus payable	11,261	12,653
freight payable	8,055	10,285
Service expenses payable	8,246	8,220
Directors' and supervisors' remuneration payable	4,018	10,518
Others	43,756	35,637
	<u>\$ 166,900</u>	<u>\$ 158,900</u>

(17) Provisions

	Warranty	
	2022	2021
At January 1	\$ 34,708	\$ 27,434
Additional provisions	17,900	15,641
Used during the year	(6,500)	(5,302)
Unused amounts reversed	(13,933)	(1,199)
Others	-	(225)
Exchange difference	2,216	(1,641)
At December 31	<u>\$ 34,391</u>	<u>\$ 34,708</u>

Analysis of total provisions:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	\$ 28,319	\$ 26,168
Non-current	\$ 6,072	\$ 8,540

The Group gives warranties on home appliances, LCD players and other applications. Provision for warranty is estimated based on historical warranty data of such products. It is expected that provision for warranty will be used during the next 1 ~ 3 years.

(18) Pension

A. Defined benefit plans

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3%~10% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 32,232)	(\$ 40,291)
Fair value of plan assets	<u>26,299</u>	<u>19,539</u>
Net defined benefit liability (shown as other non-current liabilities)	<u>(\$ 5,933)</u>	<u>(\$ 20,752)</u>

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

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 40,291)	\$ 19,539	(\$ 20,752)
Current service cost	(406)	-	(406)
Interest (expense) income	(267)	125	(142)
	(40,964)	19,664	(21,300)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,856	2,856
Change in financial assumptions	1,369	-	1,369
Experience adjustments	(708)	-	(708)
	661	2,856	3,517
Pension fund contribution	-	11,850	11,850
Paid pension	8,071	(8,071)	-
At December 31	(\$ 32,232)	\$ 26,299	(\$ 5,933)
	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 69,277)	\$ 34,915	(\$ 34,362)
Current service cost	(1,079)	-	(1,079)
Interest (expense) income	(208)	104	(104)
	(70,564)	35,019	(35,545)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	500	500
Change in demographic assumptions	(20)	-	(20)
Change in financial assumptions	1,152	-	1,152
Experience adjustments	1,065	-	1,065
	2,197	500	2,697
Pension fund contribution	-	12,096	12,096
Paid pension	28,076	(28,076)	-
At December 31	(\$ 40,291)	\$ 19,539	(\$ 20,752)

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.2%~1.3%	0.6%~0.7%
Future salary increases	1.0%~1.5%	1.0%~1.5%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 545)	\$ 559	\$ 484	(\$ 475)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 735)	\$ 758	\$ 652	(\$ 638)

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

balance sheet are the same.

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$769.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 5 ~ 8 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	4,641
1 ~ 2 year(s)		1,662
2 ~ 5 years		6,099
Over 5 years		15,169
	\$	<u>27,571</u>

B. Defined contribution plans

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

(b) The Company’s overseas subsidiaries have defined contribution plans. Monthly contributions are based on certain percentage of employees’ monthly salaries and wages.

Other than the monthly contributions, the Group has no further obligations.

(c) The Company’s mainland China subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage was 16%. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were \$6,550 and \$6,911, respectively.

(19) Share capital

As of December 31, 2022, the Company’s authorised capital was \$4,500,000, and the paid-in capital was \$2,771,575, consisting of 277,158 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that

the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2022			
	Overdue dividends	Changes in ownership interests	
		in subsidiaries	Total
At January 1 (at December 31)	\$ 259	\$ 1,343	\$ 1,602

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

(21) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After setting aside or reversing a special reserve in accordance with the laws and requirements by competent authority, the appropriation of the remaining earnings, along with the unappropriated earnings, shall be proposed by the Board of Directors and resolved at the shareholders' meeting as dividends to shareholders.
- B. In accordance with the Company's dividend policy in the Articles of Incorporation, dividends are distributed by taking into consideration the Company's operational needs and shareholders' maximum interests, future capital expenditures and capital needs. Cash dividends shall account for at least 30% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- E. The appropriations of 2021 and 2020 earnings as resolved at the shareholders' meetings on June 24, 2022 and August 5, 2021, respectively, are as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal surplus	\$ 21,222		\$ 4,370	
Special reserve	2,563		35,135	
Cash dividends	<u>83,147</u>	\$ 0.30	<u>27,716</u>	\$ 0.10
	<u>\$ 106,932</u>		<u>\$ 67,221</u>	

The aforementioned resolutions were in agreement with those resolved by the Board of Directors on March 29, 2022 and May 12, 2021. Information will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- F. The appropriation of 2022 earnings as proposed by the Board of Directors on March 14, 2023 is as follows:

	<u>Year ended December 31, 2022</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve appropriated	\$ 9,459	
Special reserve appropriated	124,477	
Cash dividends	<u>60,975</u>	\$ 0.22
	<u>\$ 194,911</u>	

As of March 14, 2023, the aforementioned appropriation of 2022 earnings has not yet been resolved at the shareholders' meeting.

(22) Other equity items

	2022		
	Foreign exchange translation adjustments	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 518,970)	\$ 102,223	(\$ 416,747)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income:			
- Revaluation – gross	-	(54,401)	(54,401)
Currency translation differences:			
-Group	47,211	-	47,211
-Tax on Group	(9,442)	-	(9,442)
At December 31	<u>(\$ 481,201)</u>	<u>\$ 47,822</u>	<u>(\$ 433,379)</u>

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

(23) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers		
Sales of goods	\$ 1,245,300	\$ 1,318,332
Sales of services	81,986	62,062
	<u>1,327,286</u>	<u>1,380,394</u>
Rental revenue	133,324	136,224
Other operating revenue	25,791	23,526
Less: Operating revenue from discontinued operations	-	(4,152)
	<u>\$ 1,486,401</u>	<u>\$ 1,535,992</u>

A. Disaggregation of revenue from contracts with customers

(a) The Group derives revenue from the transfer of goods at a point in time in the following

major segments:

	Year ended December 31	
	2022	2021
Brand management – sales of goods	\$ 643,881	\$ 673,393
Automotive electronics	627,210	664,313
	<u>\$ 1,271,091</u>	<u>\$ 1,337,706</u>

(b) The Group derives revenue from the transfer of services over time in the following major segments:

	Year ended December 31	
	2022	2021
Brand management – sales of services	\$ 81,986	\$ 62,062
Asset activation – rents	133,324	136,224
	<u>\$ 215,310</u>	<u>\$ 198,286</u>

Note 1: Brand management is operated by Taiwan segment.

Note 2: Automotive electronics and asset activation are operated by AAL segment.

B. Contract liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Sales of goods	\$ 85,043	\$ 88,318	\$ 23,694
Pre-sales of properties	278,837	163,835	-
	<u>\$ 363,880</u>	<u>\$ 252,153</u>	<u>\$ 23,694</u>

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Sales of goods	<u>\$ 87,651</u>	<u>\$ 23,143</u>

(24) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 6,048	\$ 2,092
Other interest income	623	68
Less: Interest income from discontinued operations	-	(32)
	<u>\$ 6,671</u>	<u>\$ 2,128</u>

(25) Other income

	Year ended December 31	
	2022	2021
Rental income	\$ 11,030	\$ 11,016
Dividend income	6,423	5,929
Income from endorsements and guarantees	3,004	3,585
Other income	3,652	3,404
	<u>\$ 24,109</u>	<u>\$ 23,934</u>

(26) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposal of assets classified as held for sale	\$ -	\$ 204,940
Gains (losses) on disposals of property, plant and equipment	(1,205)	(249)
Gains arising from lease modifications	212	47
Net currency exchange (losses) gains	15,656	5,654
(Losses) gains on change in value of financial assets (at fair value through profit or loss)	(1,131)	109
Others	(2,182)	(3,660)
Less: Other gains from discontinued operations	-	(204,979)
	<u>\$ 11,350</u>	<u>\$ 1,862</u>

(27) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on bank borrowings	\$ 17,352	\$ 7,838
Interest expense on lease liabilities	1,414	814
Other financial expenses	(7,918)	60
	<u>\$ 10,848</u>	<u>\$ 8,712</u>

(28) Employee benefits, depreciation and amortisation expenses

	Year ended December 31	
	2022	2021
Employee benefit expense		
Wages and salaries	\$ 188,793	\$ 218,274
Labour and health insurance fees	14,721	14,411
Pension costs	7,098	8,094
Other employee benefit expense	10,489	12,442
	<u>\$ 221,101</u>	<u>\$ 253,221</u>
Depreciation charge	<u>\$ 65,967</u>	<u>\$ 56,955</u>
Amortisation charge	<u>\$ 9,311</u>	<u>\$ 7,649</u>

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

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$4,648 and \$12,565, respectively; while directors' and supervisors' remuneration was accrued at \$3,718 and \$10,052, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5% and 4% of distributable profit of current year for the year ended December 31, 2022. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$4,648 and \$3,718, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2021 amounting to \$12,565 and \$10,052, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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

(29) Income tax

A. Income tax expenses

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 32,905	\$ 30,062
Tax on undistributed surplus earnings	5,392	-
Prior year income tax (over) under estimation	(5,384)	92
Deferred tax:		
Origination and reversal of temporary differences	(15,675)	18,219
Income tax expenses	<u>\$ 17,238</u>	<u>\$ 48,373</u>

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

	Year ended December 31	
	2022	2021
Currency translation differences	\$ 9,442	(\$ 12,173)
Remeasurements of defined benefit plans	703	540
	<u>\$ 10,145</u>	<u>(\$ 11,633)</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 46,917	\$ 11,844
Expenses disallowed by tax regulation	867	7,151
Effect on permanent differences of income tax	(2,259)	-
Tax exempt income by tax regulation	(29,756)	(52,211)
loss carryforward not recognised as deferred tax asset	897	-
Temporary differences not recognised as deferred tax assets	1,156	15,709
Tax losses not recognised as deferred tax assets	1,190	7,089
Change in assessment of realisation of deferred tax assets	(1,784)	58,699
Prior year income tax (over) under estimation	(5,382)	92
Tax on undistributed earnings	5,392	-
Income tax expenses	<u>\$ 17,238</u>	<u>\$ 48,373</u>

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

2022					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Others	December 31
— Deferred tax assets:					
Temporary differences:					
Unrealised inventory valuation loss	\$ 5,336	\$ 724	\$ -	\$ 121	\$ 6,181
Loss allowance	13,505	130	-	204	13,839
Unrealised after-sale service fees	158	2,273	-	55	2,486
Remeasurements of defined benefit plans	803	-	(540)	-	263
Currency translation differences	75,482	-	(9,442)	-	66,040
Loss carryforward	60,516	(45,658)	-	-	14,858
	<u>\$ 155,800</u>	<u>(\$ 42,531)</u>	<u>(\$ 9,982)</u>	<u>\$ 380</u>	<u>\$ 103,667</u>
— Deferred tax liabilities:					
Remeasurements of defined benefit plans	-	-	(163)	-	(163)
Reserve for land value increment tax	(25,517)	-	-	-	(25,517)
Gain on long-term equity investments	(80,383)	58,843	-	-	(21,540)
Others	(10,291)	(637)	-	(1,196)	(12,124)
	<u>(\$ 116,191)</u>	<u>\$ 58,206</u>	<u>(\$ 163)</u>	<u>(\$ 1,196)</u>	<u>(\$ 59,344)</u>
	<u>\$ 39,609</u>	<u>\$ 15,675</u>	<u>(\$ 10,145)</u>	<u>(\$ 816)</u>	<u>\$ 44,323</u>
2021					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Others	December 31
— Deferred tax assets:					
Temporary differences:					
Unrealised inventory valuation loss	\$ 5,336	\$ -	\$ -	\$ -	\$ 5,336
Loss allowance	12,220	1,285	-	-	13,505
Unrealised after-sale service fees	158	-	-	-	158
Remeasurements of defined benefit plans	1,343	-	(540)	-	803
Currency translation differences	63,309	-	12,173	-	75,482
Loss carryforward	87,876	(27,355)	-	(5)	60,516
	<u>\$ 170,242</u>	<u>(\$ 26,070)</u>	<u>\$ 11,633</u>	<u>(\$ 5)</u>	<u>\$ 155,800</u>
— Deferred tax liabilities:					
Reserve for land value increment tax	(25,517)	-	-	-	(25,517)
Gain on long-term equity investments	(87,876)	7,307	-	5	(80,564)
Others	(10,654)	544	-	-	(10,110)
	<u>(\$ 124,047)</u>	<u>\$ 7,851</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>(\$ 116,191)</u>
	<u>\$ 46,195</u>	<u>(\$ 18,219)</u>	<u>\$ 11,633</u>	<u>\$ -</u>	<u>\$ 39,609</u>

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

December 31, 2022				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Expiry date
2014	465,937	\$ 169,502	\$ 169,502	2024
2015	14,352	11,952	11,952	2025
2017	121,674	120,090	84,172	2027
2018	41,446	38,446	417	2028
2019	5,351	1,526	1,183	2029
2020	5,163	5,163	5,163	2030
2021	45,948	40,019	40,019	2031
2022	10,436	10,436	10,436	2032
	<u>\$ 710,307</u>	<u>\$ 397,134</u>	<u>\$ 322,844</u>	
December 31, 2021				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Expiry date
2011	\$ 61,089	\$ 19,004	\$ 19,004	2021
2014	465,937	397,792	265,626	2024
2015	14,352	11,952	-	2025
2017	121,674	120,090	-	2027
2018	41,446	38,446	417	2028
2019	5,351	1,526	1,183	2029
2020	5,356	5,356	5,356	2030
2021	41,374	35,445	35,445	2031
	<u>\$ 756,579</u>	<u>\$ 629,611</u>	<u>\$ 327,031</u>	

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

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 146,915</u>	<u>\$ 124,803</u>

F. The income tax returns of the Company and domestic subsidiaries that have been assessed and approved by the Tax Authority are as follows:

Company name	Year assessed
The Company	2020
REALISE TECH-SERVICE CO., LTD.	2020
FAR YEAR CONSTRUCTION CO., LTD. (formerly 'ACTION ASIA DEVELOPMENT IND CO., LTD.')	2020

(30) Earnings per share

Year ended December 31, 2022			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 91,774	277,158	\$ 0.33
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to the parent	\$ 91,774	277,158	
Employees' compensation	-	347	
Profit from continuing operations attributable to the parent plus assumed	\$ 91,774	\$ 277,505	\$ 0.33

Year ended December 31, 2021			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to the parent	\$ 9,783	277,158	\$ 0.03
Profit from discontinued operations attributable to the parent	198,757	277,158	0.72
Profit attributable to the parent	\$ 208,540	277,158	\$ 0.74
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to the parent	\$ 9,783	277,158	\$ 0.03
Employees' compensation	-	897	
Profit from continuing operations attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	9,783	278,055	\$ 0.03
Profit from discontinued operations attributable to the parent	198,757	278,055	0.72
Profit attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 208,540	278,055	\$ 0.75

(31) Supplemental cash flow information

The Group sold 100% of shares in the subsidiary – ATJ on June 2, 2021 and therefore lost control over the subsidiary (please refer to Note 4(3)B. Note 2). The consideration received from the transaction amounted to \$256,363 and the accumulated translation adjustment amounted to \$34,411.

Details of assets and liabilities relating to the subsidiary are as follows:

	<u>December 31, 2021</u>
Consideration received	
Cash	\$ 256,363
Carrying amount of the assets and liabilities of ATJ	
Cash	16,514
Prepayments	3,470
Property, plant and equipment	7,515
Investment property	64,747
Other non-current assets	3,630
Accounts payable	(3,759)
Other payables	(3,120)
Other current liabilities	(2,294)
Guarantee deposits received	(869)
Total net assets	<u>\$ 85,834</u>
Consideration received	\$ 256,363
Shown as other receivables	(125,976)
Decrease in cash	(16,514)
Effect of exchange rate changes	416
Proceeds from disposal of assets classified as held for sale	<u>\$ 114,289</u>

(32) Changes in liabilities from financing activities

	<u>2022</u>				
	<u>Short-term</u>	<u>Long-term</u>	<u>Guarantee</u>	<u>Lease</u>	<u>Liabilities</u>
	<u>borrowings</u>	<u>borrowings</u>	<u>deposits</u>	<u>liabilities</u>	<u>from financing</u>
			<u>received</u>		<u>activities -gross</u>
At January 1	\$ 394,910	\$ 352,821	\$ 20,388	\$ 41,365	\$ 809,484
Changes in cash flow from financing activities	(203,156)	353,494	1,608	(27,750)	124,196
Changes in lease liabilities	-	-	-	48,079	48,079
Impact of changes in foreign exchange rate	(1,754)	-	193	51	(1,510)
At December 31	<u>\$ 190,000</u>	<u>\$ 706,315</u>	<u>\$ 22,189</u>	<u>\$ 61,745</u>	<u>\$ 980,249</u>

	2021				
	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Liabilities from financing activities -gross
At January 1	\$ 531,049	\$ -	\$ 20,440	\$ 37,738	\$ 589,227
Changes in cash flow from financing activities	(132,359)	352,821	161	(18,772)	201,851
Changes in lease liabilities	-	-	-	22,481	22,481
Impact of changes in foreign exchange rate	(3,780)	-	(213)	(82)	(4,075)
At December 31	<u>\$ 394,910</u>	<u>\$ 352,821</u>	<u>\$ 20,388</u>	<u>\$ 41,365</u>	<u>\$ 809,484</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
DEDE TECHNOLOGY (SHENZHEN) CO., LTD. (DEDE)	Associate
FARYEAR EDUCATION GROUP (FARYEAR)	Other related party
YOU YUAN LAI INVESTMENT LTD. (YOU YUAN LAI)	Other related party
BEST DENKI LTD. (BEST)	Other related party (Note 1)
WANG, KUO-CHIANG	Other related party (Note 2)

Note 1: On December 7, 2017, the Board of Directors of BEST DENKI LTD. passed a dissolution resolution. On December 25, 2017, the shareholders at their extraordinary general meeting approved to set the date of dissolution on December 31, 2017. As of the report date, the liquidation was still in progress.

Note 2: On December 6, 2021, the Board of Directors of ACTION ASIA (SHENZHEN) CO., LTD. resolved to dispose a 51% equity interest in its subsidiary, ATZ ELECTRONICS CO., LTD. Thus, the Group lost its control over the subsidiary. The proceeds from the transaction amounted to \$4 thousand (RMB 1 thousand). WANG, KUO-CHIANG is no longer a related party of the Company since December 6, 2021.

(2) Significant related party transactions

A. rental income (shown as other income)

	December 31, 2022	December 31, 2021
Other related parties	<u>\$ 187</u>	<u>\$ 320</u>

B. Endorsement Guaranteed Income (shown as other income)

	December 31, 2022	December 31, 2021
Other related parties	<u>\$ 2,994</u>	<u>\$ 2,948</u>

C. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Other related parties	\$ 4,866	\$ 4,866
Less: Loss allowance	(4,866)	(4,866)
Other receivables:	<u>\$ -</u>	<u>\$ -</u>
Other related parties		
-BEST	\$ 93,325	\$ 93,353
-FARYEAR	-	125,976
	<u>93,325</u>	<u>219,329</u>
Less: Loss allowance	(74,469)	(74,469)
	<u><u>\$ 18,856</u></u>	<u><u>\$ 144,860</u></u>

D. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables:		
Other parties	<u>\$ 131</u>	<u>\$ 175</u>

E. Guarantee deposits received (shown as other non-current liabilities)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other parties	<u>\$ -</u>	<u>\$ 92</u>

F. Endorsements and guarantees provided to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates		
-DEDE	<u>\$ 317,376</u>	<u>\$ 312,768</u>

The Group provided its equity interest in DEDE as the guarantee for bank borrowings of DEDE. The guarantee facility was RMB 72 million. Refer to Note 8 and table 2 for details.

G. The Group issued guarantee notes of \$50,000 thousand to YOU YUAN LAI as the performance guarantee for a development project of ‘Yisheng Zhihui Science and Technology Park’.

H. On December 6, 2021, the Board of Directors resolved to dispose a 51% equity interest of the subsidiary, ATZ ELECTRONICS CO., LTD. Refer to sub-note 2 of Note 7(1) for details.

(3) Key management compensation

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<u>\$ 46,447</u>	<u>\$ 45,330</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value		Purpose
	December 31, 2022	December 31, 2021	
Investments accounted for using the equity method	\$ 589,109	\$ 558,287	Guarantees for associate's borrowings
Investment property - land and buildings	89,091	125,373	Bank borrowings
Property, plant and equipment - land and buildings	44,091	67,045	Bank borrowings
Inventories - construction in progress	55,847	55,847	Bank borrowings
Right-of-use assets	-	9,629	Bank borrowings
Guarantee deposits paid (including non-current)	1,000	1,000	Guarantees for purchasing materials
	<u>\$ 779,138</u>	<u>\$ 817,181</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) As of December 31, 2022 and 2021, the guarantee notes issued by the Group for unsecured loan facilities amounted to \$1,642,300 and \$1,656,000, respectively.
- (2) As of December 31, 2022 and 2021, the outstanding usance letters of credit issued by the Group for purchasing goods and raw materials amounted to \$26,301 and \$54,180, respectively.
- (3) The Group launched a 'Yishengzhihui Science and Technology Park' development project and proceeds from property pre-sale contracts with customers are as follows:

	December 31, 2022	December 31, 2021
Contract price of sales contracts signed (tax included)	<u>\$ 1,315,230</u>	<u>\$ 1,110,460</u>
Amount collected as agreed (tax excluded) (Shown as 'contract liabilities - current')	<u>\$ 278,837</u>	<u>\$ 163,835</u>

- (4) As of December 31, 2022, the total amount of construction and commissioning contract for the 'Yishengzhihui Science and Technology Park area A and area B' development project was approximately \$1,422,500 and \$1,275,109. As of December 31, 2022, the consideration paid amounted to \$0 and \$682,045.
- (5) Details of marketing agreement entered into by the Group as of December 31, 2022 are as follows:

Name of project	Contract signing date	Sale period
Yishengzhihui Science and Technology Park area A and area B	2022.4.30	Effective from the date entered into the contract; however, it did not reach the sales target before the end of 2022, a new contract is being drafted and signed.

(6) Details of the Group's trust agreement with a financial institution and type of trust for construction in progress as of December 31, 2022 are as follows:

Name of project	Type of trust	Trust bank
Yishengzhihui Science and Technology Park area A	Real estate transaction trust	Trust department of Chang Hwa Commercial Bank
Yishengzhihui Science and Technology Park area B	Real estate transaction trust	Trust department of First Commercial Bank

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (a) Details of the appropriation of 2022 earnings as proposed by the Board of Directors on March 14, 2023 are provided in Note 6(21).
- (b) On March 14, 2023, the Board of Directors resolved to meet the short-term working capital needs of the subsidiary, FAR YEAR CONSTRUCTION CO., LTD., by granting the revolving loans amounting to \$200,000.

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 46,687	\$ 12,002
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 111,765	\$ 166,166
Financial assets at amortised cost	\$ 933,044	\$ 1,209,444
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 1,245,166	\$ 1,028,314
Lease liabilities (including current and non-current)	\$ 61,745	\$ 41,365

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

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's financial policy tends toward conservatism principle, and therefore the Group does not operate the high-risk and complex derivative financial instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

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

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:HKD	\$ 1,510	3.94	\$ 46,364
USD:RMB	1,234	4.41	1,234
USD:SGD	740	22.88	740
USD:NTD	4,361	30.71	133,931
USD:MYR	6,283	4.42	192,944
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:HKD	\$ 89	3.94	\$ 2,740
USD:NTD	779	30.71	20,378
USD:MYR	664	4.42	23,923
December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:HKD	\$ 5,106	7.80	\$ 141,339
USD:RMB	1,204	6.37	33,321
USD:NTD	2,823	27.68	78,143
USD:MYR	8,197	4.18	226,901
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:HKD	\$ 517	7.80	\$ 14,310
USD:NTD	2,846	27.68	78,782
USD:MYR	2,009	4.18	55,617

iv. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to a gain of \$15,656 and a gain of \$5,654,

respectively.

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

Year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:HKD	1%	\$ 464	\$ -	-
USD:RMB	1%	379		-
USD:SGD	1%	227		
USD:NTD	1%	1,339		-
USD:MYR	1%	1,929		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:HKD	1%	27		-
USD:NTD	1%	239		-
USD:MYR	1%	204		-

Year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:HKD	1%	\$ 1,413	\$ -	-
USD:RMB	1%	333		-
USD:NTD	1%	781		-
USD:MYR	1%	2,269		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:HKD	1%	143		-
USD:NTD	1%	788		-
USD:MYR	1%	556		-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity

securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% or liquidity discount rate had changes by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$467 and \$120, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,118 and \$1,662, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's borrowings are fixed-rate debts. The changes in market interest rates do not affect future cash flows, and thus the Group is not exposed to cash flow risk arising from interest rate changes.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,800 and \$5,982, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
- (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- v. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 71,657	\$ 13,748	\$ 108,426	\$ 26,520
Up to 30 days	236	-	7,505	-
31 to 90 days	344	-	275	-
91 to 180 days	8	-	251	-
Over 180 days	53,406	-	45,088	-
	<u>\$ 125,651</u>	<u>\$ 13,748</u>	<u>\$ 161,545</u>	<u>\$ 26,520</u>

The above ageing analysis was based on past due date.

- vi. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group used the forecastability of data obtained from the Business Indicators Data Base of the National Development Council and the Basel Committee on Banking Supervision to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the loss rate is as follows:

	Individual	Group A	Group B	Group C	Total
<u>December 31, 2022</u>					
Expected loss rate	100%	0.03%	5.00%	0.03%~0.09%	
Total book value	\$ 53,375	\$ 65,932	\$ 12,025	\$ 8,067	\$ 139,399
Loss allowance	\$ 53,375	\$ 13	\$ 652	\$ -	\$ 54,040
	Individual	Group A	Group B	Group C	Total
<u>December 31, 2021</u>					
Expected loss rate	100%	0.03%	5.00%	0.03%~0.09%	
Total book value	\$ 45,073	\$ 108,229	\$ 11,675	\$ 23,088	\$ 188,065
Loss allowance	\$ 45,073	\$ 268	\$ 587	\$ -	\$ 45,928

Group A: Customers in Taiwan.

Group B: Customers in Mainland China.

Group C: Customer in Malaysia.

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for receivables are as follows:

	2022
	Receivables
At January 1	\$ 45,928
Provision for impairment	7,461
Effect of exchange rate changes	651
At December 31	\$ 54,040

	2021
	Receivables
At January 1	\$ 45,001
Provision for impairment	2,751
Effect of exchange rate changes	(1,824)
At December 31	\$ 45,928

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Within 1 year	Over 1 year
Short-term borrowings	\$ 190,000	\$ -
Accounts payable	159,762	-
Other payables	166,900	-
Long-term borrowings(including current portion)	546,315	160,000
Lease liabilities	23,967	39,816

Non-derivative financial liabilities:

December 31, 2021	Within 1 year	Over 1 year
Short-term borrowings	\$ 394,910	\$ -
Accounts payable	99,760	-
Other payables	158,900	-
Long-term borrowings	6,111	360,024
Lease liabilities	16,213	26,828

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. The Group's financial instruments not measured at fair value

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

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 46,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,687</u>
Financial assets at fair value through other comprehensive income	<u>\$ 111,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,765</u>

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 12,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,002</u>
Financial assets at fair value through other comprehensive income	<u>\$ 166,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,166</u>

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

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

	<u>Emerging stocks</u>	<u>Closed-end fund</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Closing price	Net asset value

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

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

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

13. Supplementary Disclosures

(1) Significant transactions information

Information on significant transactions as of and for the year ended December 31, 2022 in conformity with the Rules Governing the Preparation of Financial Statements by Securities Issuers is as follows. In addition, inter-company transactions between companies were eliminated. The following disclosures are for reference only:

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

The Company's management considers the business and makes decisions from a group system and a geographic perspective. The reportable operating segments are ACTION ASIA LTD. group (AAL), ALMOND GARDEN CORP. group (AGC) and the operating segment in Taiwan.

(2) Measurement of segment information

The Group evaluates performance of each operating segment based on post-tax profit. All operating segments apply the same accounting policies as detailed in Note 4 of the consolidated financial statements. Loans between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

<u>Year ended December 31, 2022</u>	<u>AAL segment</u>	<u>AGC segment</u>	<u>Taiwan segment</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue from external customers	\$ 760,534	\$ -	\$ 725,867	\$ -	\$ 1,486,401
Inter-segment revenue	-	-	-	-	-
Total segment revenue	\$ 760,534	\$ -	\$ 725,867	\$ -	\$ 1,486,401
Segment income (loss)	\$ 176,375	\$ (631)	\$ (66,732)	\$ -	\$ 109,012
Segment income (loss), including:					
Depreciation and amortisation	(\$ 39,426)	\$ -	(\$ 36,199)	\$ 347	(\$ 75,278)
Income tax expenses	(\$ 37,508)	\$ 13,087	\$ 7,183	\$ -	(\$ 17,238)
Segment assets	\$ 2,418,733	\$ 820,280	\$ 4,567,263	(\$ 3,182,355)	\$ 4,623,921
Segment liabilities	\$ 442,004	\$ 3,208	\$ 1,513,362	(\$ 164,894)	\$ 1,793,680

<u>Year ended December 31, 2021</u>	AAL segment	AGC segment	Taiwan segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 800,537	\$ -	\$ 735,455	\$ -	\$ 1,535,992
Inter-segment revenue	738,651	25,383	39,605	(803,639)	-
Total segment revenue	\$ 1,539,188	\$ 25,383	\$ 775,060	\$ 803,639	\$ 1,535,992
Segment income (loss)	\$ 126,968	\$ 238,592	\$ 226,749	\$ 533,092	\$ 59,217

Segment income (loss), including:

Depreciation and amortisation	(\$ 37,384)	\$ -	(\$ 27,775)	\$ 555	(\$ 64,604)
Income tax expenses	(\$ 15,867)	(\$ 12,367)	(\$ 20,139)	\$ -	(\$ 48,373)
Segment assets	\$ 2,328,619	\$ 1,009,806	\$ 4,253,593	(\$ 3,231,164)	\$ 4,360,854
Segment liabilities	\$ 492,201	\$ 16,472	\$ 1,197,302	(\$ 180,553)	\$ 1,525,422

Adjustments for the year ended December 31, 2021 are as follows:

Profit (loss) related to discontinued operations for the year has been adjusted to profit (loss) of discontinued operations and was all attributed to AGC segment. Refer to Note 6(7) for details.

(4) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. The adjusted consolidated total profit and reconciliation for post-tax profit of reportable segment for the current period are provided in Note 14(3).

(5) Information on products

Please refer to Note 6(23) for related information.

(6) Geographical information

Information on sales regions for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 725,867	\$ 649,640	\$ 735,464	\$ 521,278
Mainland China	149,262	878,866	141,267	874,395
US	344,465	-	521,104	-
Others	266,807	53,045	138,157	52,587
	<u>\$ 1,486,401</u>	<u>\$ 1,581,551</u>	<u>\$ 1,535,992</u>	<u>\$ 1,448,260</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Segment	Revenue	Segment
Customer A	\$ 221,215	AAL	\$ 262,992	AAL
Customer B	153,981	AAL	155,208	AAL
	<u>\$ 375,196</u>		<u>\$ 541,112</u>	

Appendix B:

**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			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	180,894	5	\$	46,716	1
1110	Current financial assets at fair value through profit or loss	6(2)		-	-		4,004	-
1120	Current financial assets at fair value through other comprehensive income	6(3)		111,765	3		166,166	5
1136	Current financial assets at amortised cost	6(1) and 8		-	-		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 equity method	6(7)		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	Ordinary share	Capital surplus	Retained Earnings			Other equity interest		
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
<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)								
Balance at December 31		\$ 2,771,575	\$ 1,602	\$ 24,671	\$ 239,553	\$ 1,517	(\$ 518,970)	(1,517)	\$ 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)

		Year ended December 31	
	Notes	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.

ACTION ELECTRONICS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organisation

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

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 14, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

B. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

C. Translation of foreign operations

- (a) The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred

to the non-controlling interest in this foreign operation.

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

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

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

- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Inventories

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

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

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of

the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss.
- J. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a

change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

Buildings and structures	5 ~ 56 years
Machinery and equipment	5 ~ 9 years
Office equipment	3 ~ 6 years
Other equipment	3 ~ 5 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(16) Investment property

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

(17) Intangible assets

A. Trademarks and patents

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

B. Computer software

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

(18) Impairment of non-financial assets

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

(19) Borrowings

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

(20) Notes and accounts payable

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

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

(21) Derecognition of financial liabilities

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

(22) Provisions

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

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits

expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pension

(a) Defined contribution plan

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

(b) Defined benefit plans

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

C. Termination benefits

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

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

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

(24) Income tax

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

income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(25) Dividends

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

(26) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells audio-visual electronic products, a variety of home appliances and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from sales is recognised based on the price specified in the contract, net of the estimated sales returns, discounts and other allowances. Accumulated experience is used to estimate and provide for the sales returns, discounts and other allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject

to an assessment at each reporting date. A refund liability (shown as other current liabilities) and an asset recognised as right to recover products from customers (shown as other current assets, others) are recognised for expected sales returns and allowances payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

- (c) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The advances received before delivery of goods is recognised a contract liability.

B. Revenue from licencing intellectual property

The Company entered into a contract with a customer to grant a licence of trademarks to the customer. Given the licence is distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing when the licence transfer to a customer over time based on the nature of the licence granted.

C. Incremental costs of obtaining a contract

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

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

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

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

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

(2) Critical accounting estimates and assumptions

A. Impairment assessment of intangible assets - trademark right

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

B. Evaluation of inventories

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

Details of the carrying amount of inventories as of December 31, 2022 are provided in Note 6(6).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 455	\$ 455
Checking accounts and demand deposits	106,735	46,261
Time deposits	73,704	-
	<u>\$ 180,894</u>	<u>\$ 46,716</u>

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

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

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

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items :		
Financial assets mandatorily measured at fair value through profit or loss		
Fund beneficiary certificates	\$ -	\$ 4,000
Valuation adjustment	-	4
	<u>\$ -</u>	<u>\$ 4,004</u>

- A. As of December 31, 2022 and 2021, the Company has no financial assets at fair value through profit or loss pledged to others.
- B. Amounts relating to net gains (losses) on financial assets at fair value through profit or loss, recorded as 'other gains and losses', are provided in Note 6(25).
- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).
- D. For the years ended December 31, 2022 and 2021, the Company sold fund beneficiary certificates for proceeds of \$3,174 and \$0, and recognised loss on disposal of \$830 and \$0, respectively.

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

Items	December 31, 2022	December 31, 2021
Current items :		
Equity instruments		
Emerging stocks	\$ 63,943	\$ 63,943
Valuation adjustment	47,822	102,223
	<u>\$ 111,765</u>	<u>\$ 166,166</u>

- A. The Company has elected to classify strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$111,765 and \$166,166 as at December 31, 2022 and 2021, respectively.
- B. For the years ended December 31, 2022 and 2021, the amounts of fair value changes recognised in other comprehensive income for financial assets at fair value through other comprehensive income were \$54,401 and \$82,428, respectively.
- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$111,765 and \$166,166, respectively.
- D. On March 29, 2021, the Board of Directors resolved to sell 5,100 thousand shares of emerging stock in an open market. In the second quarter of 2021, the Company disposed 159 thousand shares for proceeds of \$3,574. The gain on disposal amounted to \$1,517 and has been transferred to retained earnings.
- E. As of December 31, 2022 and 2021, the Company has no financial assets at fair value through other comprehensive income pledged to others.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 9,899	\$ 14,295
Accounts receivable(including related parties)	49,084	78,019
Less: Loss allowance	(4,703)	(4,784)
	<u>\$ 54,280</u>	<u>\$ 87,530</u>

A. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$72,544.

B. As of December 31, 2022 and 2021, the Company has no notes and accounts receivable pledged to others.

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

(5) Other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivables-related parties	\$ 94,784	\$ 104,718
Others	152	77
	<u>\$ 94,936</u>	<u>\$ 104,795</u>
Less: Loss allowance	(74,469)	(74,469)
	<u>\$ 20,467</u>	<u>\$ 30,326</u>

Other receivables-related parties are provided in Note 7.

(6) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Finished goods	\$ 4	(\$ 3)	\$ 1
Merchandise	171,697	(4,625)	167,072
Inventory in transit	12,396	-	12,396
Construction in progress	93,785	-	93,785
	<u>\$ 277,882</u>	<u>(\$ 4,628)</u>	<u>\$ 273,254</u>

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

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 413,207	\$ 424,831
(Gains) losses on inventory valuation	266	1,220
Others	37,022	44,410
	<u>\$ 450,495</u>	<u>\$ 470,461</u>

Information on inventories-construction in progress pledged to others as collateral is provided Note 8.

(7) Investments accounted for using equity method

A. Details are as follows :

	Year ended December 31	
	2022	2021
ACTION ASIA LTD.(AAL)	\$ 1,216,412	\$ 1,130,069
ALMOND GARDEN CORP.(AGC)	817,073	993,334
FARYEAR CONSTRUCTION CO., LTD. (formerly ‘ ACTION ASIA DEVELOPMENT IND CO., LTD.’)	175,514	187,065
REALISE TECH-SERVICE CO., LTD.	36,959	28,997
	<u>\$ 2,245,958</u>	<u>\$ 2,339,465</u>

B. For the years ended December 31, 2022 and 2021, the share of profit or loss of subsidiaries for using the equity method is as follows:

	Year ended December 31	
	2022	2021
ACTION ASIA LTD.(AAL)	\$ 85,454	\$ 67,715
ALMOND GARDEN CORP.(AGC)	65,868	226,225
FARYEAR CONSTRUCTION CO., LTD. (formerly ‘ ACTION ASIA DEVELOPMENT IND CO., LTD.’)	(11,551)	(6,280)
REALISE TECH-SERVICE CO., LTD.	5,375	4,933
	<u>\$ 145,146</u>	<u>\$ 292,593</u>

C. The Company’s share of (loss) profit of investments accounted for using the equity method was recognised based on the associates’ audited financial statements for the same period.

- D. For the years ended December 31, 2022 and 2021, the Company acquired the amount of dividends remitted from foreign subsidiaries of \$294,220 and \$37,466, respectively.
- E. Please refer to Note 4(3) in the 2022 consolidated financial statements for the information regarding the Company' s subsidiaries.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Total
<u>January 1, 2022</u>						
Cost	\$ 41,945	\$ 38,711	\$ 7,225	\$ 3,334	\$ 2,836	\$ 94,051
Accumulated depreciation	-	(28,855)	(4,671)	(3,121)	(520)	(37,167)
	<u>\$ 41,945</u>	<u>\$ 9,856</u>	<u>\$ 2,554</u>	<u>\$ 213</u>	<u>\$ 2,316</u>	<u>\$ 56,884</u>
<u>Year ended December 31, 2022</u>						
Opening net book amount as at January 1	\$ 41,945	\$ 9,856	\$ 2,554	\$ 213	\$ 2,316	\$ 56,884
Additions	-	-	-	964	231	1,195
Depreciation charge	-	(1,576)	(1,341)	(302)	(567)	(3,786)
Closing net book amount as at December 31	<u>\$ 41,945</u>	<u>\$ 8,280</u>	<u>\$ 1,213</u>	<u>\$ 875</u>	<u>\$ 1,980</u>	<u>\$ 54,293</u>
<u>December 31, 2022</u>						
Cost	\$ 41,945	\$ 38,711	\$ 7,225	\$ 4,278	\$ 3,067	\$ 95,226
Accumulated depreciation	-	(30,431)	(6,012)	(3,403)	(1,087)	(40,933)
	<u>\$ 41,945</u>	<u>\$ 8,280</u>	<u>\$ 1,213</u>	<u>\$ 875</u>	<u>\$ 1,980</u>	<u>\$ 54,293</u>

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

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

(9) Leasing arrangements — lessee

A. The Company leases various assets including buildings and structure and transportation equipment.

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings and structures	\$ 39,844	\$ 17,638
Transportation equipment	199	994
	<u>\$ 40,043</u>	<u>\$ 18,632</u>
	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings and structures	\$ 10,958	\$ 4,326
Transportation equipment	795	795
	<u>\$ 11,753</u>	<u>\$ 5,121</u>

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$37,554 and \$12,493, respectively.

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

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 625	\$ 300
Expense on short-term lease contracts	1,285	485
Expense on leases of low-value assets	215	215
Gain or loss on lease modification	110	-

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$13,709 and \$6,054, respectively.

(10) Leasing arrangements – lessor

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 2 and 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be sublet, subleased and used as security, whether in whole or in part, by lessees.

B. For the years ended December 31, 2022 and 2021, the Company recognised rent income in the amounts of \$5,434 and \$5,903, respectively, based on the operating lease agreement.

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

	December 31, 2022	December 31, 2021
1 st year	\$ 2,614	\$ 4,842
2 nd year	1,305	1,396
	<u>\$ 3,919</u>	<u>\$ 6,238</u>

(11) Investment property

	2022			
	Land	Buildings and structures	Investment property under construction	Total
At January 1				
Cost	\$ 83,798	\$ 59,584	\$ 10,262	\$ 153,644
Accumulated depreciation and impairment	-	(38,558)	-	(38,558)
	<u>\$ 83,798</u>	<u>\$ 21,026</u>	<u>\$ 10,262</u>	<u>\$ 115,086</u>
Opening net book amount as at January 1	\$ 83,798	\$ 21,026	\$ 10,262	\$ 115,086
Depreciation charge	-	(1,369)	-	(1,369)
Closing net book amount as at December 31	<u>\$ 83,798</u>	<u>\$ 19,657</u>	<u>\$ 10,262</u>	<u>\$ 113,717</u>
At December 31				
Cost	\$ 83,798	\$ 59,584	\$ 10,262	\$ 153,644
Accumulated depreciation and impairment	-	(39,927)	-	(39,927)
	<u>\$ 83,798</u>	<u>\$ 19,657</u>	<u>\$ 10,262</u>	<u>\$ 113,717</u>

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

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

- A. To active the assets, the Company used its land on No. 239 and 240-1, Zhonggong Sec., Zhongli Dist. and land on No. 241, Zhonggong Sec., Zhongli Dist. held by Youyuanlai Investment Co., Ltd. to jointly build and develop ‘Yisheng Zhihui Science and Technology Park’ and commissioned the subsidiary, Far Year Construction Co., Ltd., to develop and construct as approved by the Board of Directors on June 15, 2020. The Company has reclassified the properties to investment properties using the carrying amounts at the time of change in use.
- B. In the second quarter of 2021, the Company changed its plan regarding the future operating purpose of the ‘Yisheng Zhihui Science and Technology Park’ development project and decided to commission Haiju Development Co., Ltd. by the subsidiary, Far Year Construction CO., Ltd., to sell the properties of this project. In accordance with IAS 40, the Company shall transfer the assets from investment properties to construction in progress (shown as ‘inventories’) when there is a change in use of property.
- C. The Group applied for a change of land planning to increase building bulk, and the application has been approved by the Ministry of Economic Affairs. According to the restrictions on property rights of increased building bulk under the agreement, 28.62% of area A and 21.29% of area B shall be retained and shall not be transferred to others without the consent of the Ministry of Economic Affairs within 5 years. As of December 31, 2022, the value of the retained property calculated \$15,107(Shown as investment property – land) and \$10,262 (Shown as investment property – buildings) and the untained property was \$93,785 (Shown as inventories –

contract in progress)

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

	Year ended December 31	
	2022	2021
Rental income from investment property	<u>\$ 5,325</u>	<u>\$ 5,793</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 3,420</u>	<u>\$ 4,334</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ 1,209</u>	<u>\$ 1,553</u>

- E. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was valued based on quoted prices in the neighboring area by real estate agents and actual price registration information posted in the official search system, taking into consideration the carrying amount of right-of-use assets.

The fair value of the investment property as at December 31, 2022 and 2021 was \$472,666 and \$483,653, respectively.

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

(12) Intangible assets

	2022			
	<u>Kolin trademark</u>	<u>Patents</u>	<u>Software</u>	<u>Total</u>
<u>January 1, 2022</u>				
Cost	\$ 289,113	\$ 276	\$ 2,183	\$ 291,572
Accumulated amortisation	(70,621)	(276)	(1,897)	(72,794)
	<u>\$ 218,492</u>	<u>\$ -</u>	<u>\$ 286</u>	<u>\$ 218,778</u>
<u>2022</u>				
Opening net book amount as at January 1	\$ 218,492	\$ -	\$ 286	\$ 218,778
Additions	492	-	457	949
Amortisation charge	(5,617)	-	(287)	(5,904)
Closing net book amount as at December 31	<u>\$ 213,367</u>	<u>\$ -</u>	<u>\$ 456</u>	<u>\$ 213,823</u>
<u>December 31, 2022</u>				
Cost	\$ 289,123	\$ 276	\$ 2,624	\$ 292,023
Accumulated amortisation	(75,756)	(276)	(2,168)	(78,200)
	<u>\$ 213,367</u>	<u>\$ -</u>	<u>\$ 456</u>	<u>\$ 213,823</u>

	2021			
	Kolin trademark	Patents	Software	Total
<u>January 1, 2021</u>				
Cost	\$ 295,711	\$ 276	\$ 1,858	\$ 297,845
Accumulated amortisation	(71,928)	(276)	(1,767)	(73,971)
	<u>\$ 223,783</u>	<u>\$ -</u>	<u>\$ 91</u>	<u>\$ 223,874</u>

<u>2021</u>				
Opening net book amount as at January 1	\$ 223,783	\$ -	\$ 91	\$ 223,874
Additions	317	-	325	642
Amortisation charge	(5,608)	-	(130)	(5,738)
Closing net book amount as at December 31	<u>\$ 218,492</u>	<u>\$ -</u>	<u>\$ 286</u>	<u>\$ 218,778</u>

<u>December 31, 2021</u>				
Cost	\$ 289,113	\$ 276	\$ 2,183	\$ 291,572
Accumulated amortisation	(70,621)	(276)	(1,897)	(72,794)
	<u>\$ 218,492</u>	<u>\$ -</u>	<u>\$ 286</u>	<u>\$ 218,778</u>

Details of amortisation on intangible assets are as follow:

	Year ended December 31	
	2022	2021
General and administrative expenses	<u>\$ 5,904</u>	<u>\$ 5,738</u>

(13) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate	Collateral
Bank borrowings			
Unsecured borrowings	\$ 30,000	1.93%	None
Secured borrowings	160,000	1.73%~2.08%	Refer to Note 8
	<u>\$ 190,000</u>		
Type of borrowings	December 31, 2021	Interest rate	Collateral
Bank borrowings			
Unsecured borrowings	\$ 40,000	1.30%~1.33%	None
Secured borrowings	272,963	1.22%~1.45%	Refer to Note 8
	<u>\$ 312,963</u>		

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Borrowing period is from June 2021 to June 2024; interest is repayable monthly; principal is repayable at maturity	2.28%	Refer to Note 8	\$ <u>160,000</u>

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

(15) Other payables

	December 31, 2022	December 31, 2021
Other payables — related parties	\$ 33,389	\$ 29,947
Employee bonus payable	11,261	12,653
freight payable	7,887	10,228
Wages and salaries and bonuses payable	5,433	8,216
income tax payable	5,229	-
Directors' and supervisors' remuneration payable	4,018	10,052
Service expenses payable	3,925	4,537
Others	9,692	12,067
	<u>\$ 80,834</u>	<u>\$ 87,700</u>

Other payables — related parties are provided in Note 7.

(16) Provisions

	Warranty	
	2022	2021
At January 1	\$ 176	\$ 913
Additional provisions	3,324	2,599
Used during the year	(2,895)	(3,336)
At December 31	<u>\$ 605</u>	<u>\$ 176</u>

Analysis of total provisions:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	\$ 468	\$ -
Non-current	\$ 137	\$ 176

The Company gives warranties on home appliances, LCD players and other applications. Provision for warranty is estimated based on historical warranty data of such products. It is expected that provision for warranty will be used during the next 1 ~ 3 years.

(17) Pension

A. Defined benefit plans

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 11,841)	(\$ 15,746)
Fair value of plan assets	8,036	11,344
Net defined benefit liability	(\$ 3,805)	(\$ 4,402)
(shown as other non-current liabilities)		

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

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 15,746)	\$ 11,344	(\$ 4,402)
Current service cost	-	68	68
Interest (expense) income	(95)	-	(95)
	(15,841)	11,412	(4,429)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	864	864
Change in financial assumptions	336	-	336
Experience adjustments	(605)	-	(605)
	(269)	864	595
Pension fund contribution	-	29	29
Paid pension	4,269	(4,269)	-
	4,269	(4,240)	29
At December 31	(\$ 11,841)	\$ 8,036	(\$ 3,805)
	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 15,863)	\$ 11,083	(\$ 4,780)
Current service cost	(45)	-	(45)
Interest (expense) income	(48)	33	(15)
	(15,956)	11,116	(4,840)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	168	168
Change in financial assumptions	269	-	269
Experience adjustments	(59)	-	(59)
	210	168	378
Pension fund contribution	-	60	60
At December 31	(\$ 15,746)	\$ 11,344	(\$ 4,402)

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.2%	0.6%
Future salary increases	1.5%	1.5%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 134)	\$ 137	\$ 113	(\$ 111)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 218)	\$ 224	\$ 182	(\$ 179)

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$29.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 5 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	3,910
1 ~ 2 year(s)		1,180
2 ~ 5 years		2,325
Over 5 years		3,369
	\$	<u>10,784</u>

B. Defined contribution plans

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

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were \$2,753 and \$2,364, respectively.

(18) Share capital

As of December 31, 2022, the Company’s authorised capital was \$4,500,000, and the paid-in capital was \$2,771,575, consisting of 277,158 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(19) Capital surplus

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

	2022		
	Overdue dividends	Changes in ownership interests in subsidiaries	Total
At January 1 (at December 31)	\$ <u>259</u>	\$ <u>1,343</u>	\$ <u>1,602</u>

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

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After setting aside or reversing a special reserve in accordance with the laws and requirements by competent authority, the appropriation of the remaining earnings, along with the unappropriated earnings, shall be proposed by the Board of Directors and resolved at the shareholders' meeting as dividends to shareholders.
- B. In accordance with the Company's dividend policy in the Articles of Incorporation, dividends are distributed by taking into consideration the Company's operational needs and shareholders' maximum interests, future capital expenditures and capital needs. Cash dividends shall account for at least 30% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2021 and 2020 earnings as resolved at the shareholders' meetings on June 24, 2022 and August 5, 2021, respectively, are as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal surplus	\$ 21,222		\$ 4,370	
Special reserve	2,563		35,135	
Cash dividends	83,147	0.30	27,716	0.10
	<u>\$ 106,932</u>		<u>\$ 67,221</u>	

The aforementioned resolutions were in agreement with those resolved by the Board of Directors on March 29, 2022 and May 12, 2021. Information will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. The appropriation of 2022 earnings as proposed by the Board of Directors on March 14, 2023 is as follows:

	Year ended December 31, 2022	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 9,459	
Special reserve appropriated	124,477	
Cash dividends	60,975	0.22
	<u>\$ 194,911</u>	

As of March 14, 2023, the aforementioned appropriation of 2022 earnings has not yet been resolved at the shareholders' meeting.

(21) Other equity items

	2022		
	Foreign exchange translation adjustments	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 518,970)	\$ 102,223	(\$ 416,747)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income:			
- Revaluation – gross	-	(54,401)	(54,401)
Currency translation differences:			
- Group	47,211	-	47,211
- Tax on Group	(9,442)	-	(9,442)
At December 31	<u>(\$ 481,201)</u>	<u>\$ 47,822</u>	<u>(\$ 433,379)</u>

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

(22) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers		
Sales of goods	\$ 528,958	\$ 541,121
Other operating revenue	27,025	30,417
	<u>\$ 555,983</u>	<u>\$ 571,538</u>

The Company derives revenue from the transfer of goods and services over time and at a point in time:

	Year ended December 31	
	2022	2021
Timing of revenue recognition		
At a point in time	554,318	570,122
Over time	1,665	1,415
	<u>\$ 555,983</u>	<u>\$ 571,537</u>

Contract liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2022
Contract liabilities:			
Sales of goods	<u>\$ 3,025</u>	<u>\$ 3,843</u>	<u>\$ 2,972</u>

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Sales of goods	<u>\$ 3,473</u>	<u>\$ 2,903</u>

(23) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 1,827	\$ 142
Other interest income	12	12
	<u>\$ 1,839</u>	<u>\$ 154</u>

(24) Other income

	Year ended December 31	
	2022	2021
Rental income	\$ 5,434	\$ 5,903
Dividend income	6,423	5,929
Income from managerial services	6,312	5,363
Other income	4,168	2,124
	<u>\$ 22,337</u>	<u>\$ 19,319</u>

(25) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposals of property, plant and equipment	\$ 110	\$ -
Net currency exchange gains(losses)	8,512	(58)
Gains on change in value of financial assets at fair value through profit or loss	(830)	4
Others	(773)	(2,002)
	<u>\$ 7,019</u>	<u>(\$ 2,056)</u>

(26) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on bank borrowings	\$ 7,076	\$ 6,136
Interest expense on loans from subsidiaries	612	476
Interest expense on lease liabilities	625	300
Other financial expenses	-	60
	<u>\$ 8,313</u>	<u>\$ 6,972</u>

(27) Employee benefits, depreciation and amortisation expenses

	Year ended December 31	
	2022	2021
Employee benefit expense		
Wages and salaries	\$ 49,452	\$ 61,264
Labour and health insurance fees	5,663	5,041
Pension costs	2,780	2,424
Director's remuneration	4,688	11,302
Other employee benefit expense	3,686	3,329
Subtotal	<u>\$ 66,269</u>	<u>\$ 83,360</u>
Depreciation charge	<u>\$ 16,908</u>	<u>\$ 10,486</u>
Amortisation charge	<u>\$ 8,198</u>	<u>\$ 6,595</u>

For the years ended December 31, 2022 and 2021, the Company had an average of 79 and 64 employees, which included 6 non-employee directors for both years, respectively.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of

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

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$4,648 and \$12,565, respectively; while directors' and supervisors' remuneration was accrued at \$3,718 and \$10,052, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5% and 4% of distributable profit of current year for the year ended December 31, 2022. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$4,648 and \$3,718, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2021 amounting to \$12,565 and \$10,052, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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

(28) Income tax

A. Income tax expenses

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Prior year income tax under estimation	\$ 1	\$ 92
Tax on undistributed surplus earnings	5,392	-
Deferred tax:		
Origination and reversal of temporary differences	(12,576)	20,048
Income tax expenses	(\$ 7,183)	\$ 20,140

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

	Year ended December 31	
	2022	2021
Currency translation differences	\$ 9,442	(\$ 12,173)
Remeasurements of defined benefit obligations	119	76
	<u>\$ 9,561</u>	<u>(\$ 12,097)</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 16,918	\$ 45,736
Expenses disallowed by tax regulation	867	7,151
Tax exempt income by tax regulation	(29,756)	-
Temporary differences not recognised as deferred tax assets	1,179	-
Tax losses not recognised as deferred tax assets	-	5,833
Change in assessment of realisation of deferred tax assets	(1,784)	(38,672)
Prior year income tax (over) under estimation	1	92
Tax on undistributed surplus earnings	5,392	-
Income tax expenses	<u>(\$ 7,183)</u>	<u>\$ 20,140</u>

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

2022				
	January 1	Recognised in		December 31
		Recognised in profit or loss	other comprehensive income	
Deferred tax assets:				
-Temporary differences:				
Remeasurements of defined benefit plans	\$ 382	\$ -	(\$ 119)	\$ 263
Currency translation differences	75,482	-	(9,442)	66,040
Loss carryforward	60,516	(45,658)	-	14,858
Unrealized after-sales service	-	27	-	27
Subtotal	<u>\$ 136,380</u>	<u>(\$ 45,631)</u>	<u>(\$ 9,561)</u>	<u>\$ 81,188</u>
-Deferred tax liabilities:				
Unrealised exchange gain	(\$ 181)	(\$ 638)	\$ -	(\$ 819)
Reserve for land value increment tax	(25,517)	-	-	(25,517)
Gain on long-term equity investments	(80,383)	58,844	-	(21,539)
Subtotal	<u>(\$ 106,081)</u>	<u>\$ 58,206</u>	<u>\$ -</u>	<u>(\$ 47,875)</u>
Total	<u>\$ 30,299</u>	<u>\$ 12,575</u>	<u>(\$ 9,561)</u>	<u>\$ 33,313</u>

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

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

December 31, 2022					
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry date	
2014	\$ 464,643	\$ 168,208	\$ 168,208	2024	
2015	14,352	11,952	11,952	2025	
2017	121,674	120,090	84,452	2027	
2018	41,029	38,029	-	2028	
2019	4,168	343	-	2029	
2021	26,175	20,246	20,246	2031	
	<u>\$ 672,041</u>	<u>\$ 358,868</u>	<u>\$ 284,858</u>		

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

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

	December 31, 2022	December 31, 2021
Deductible temporary difference	<u>\$ 125,861</u>	<u>\$ 122,352</u>

F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 91,774	277,158	\$ 0.33
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 91,774	\$ 277,158	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	347	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 91,774	277,505	\$ 0.33
	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 208,540	277,158	\$ 0.75
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 208,540	\$ 277,158	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	897	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 208,540	278,055	\$ 0.75

(30) Changes in liabilities from financing activities

	2022				
	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Liabilities from financing activities -gross
At January 1	\$ 312,963	\$ 160,000	\$ 1,225	\$ 18,846	\$ 493,034
Changes in cash flow from financing activities	(122,963)	-	(295)	(11,584)	(134,842)
Changes in lease liabilities	-	-	-	37,554	37,554
At December 31	<u>\$ 190,000</u>	<u>\$ 160,000</u>	<u>\$ 930</u>	<u>\$ 44,816</u>	<u>\$ 395,746</u>

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

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ALMOND GARDEN CORP.(AGC)	Subsidiaries
REALISE TECH-SERVICE CO., LTD.(RLS)	Subsidiaries
FARYEAR CONSTRUCTION CO., LTD (AFY) (formerly ‘ACTION ASIA DEVELOPMENT IND CO., LTD.’)	Subsidiaries (Note 1)
ACTION INDUSTRIES(M) SDN. BHD.(AMP)	Subsidiaries
ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	Subsidiaries
ACTION TECHNOLOGY (JIAN) CO., LTD. (ATJ)	Subsidiaries (Note 2)
YOU YUAN LAI INVESTMENT LTD. (YOU YUAN LAI)	Other related party
BEST DENKI LTD. (BEST)	Other related party (Note 3)

Note 1 : ACTION ASIA DEVELOPMENT IND CO., LTD.. was renamed as Far Year Construction Co., Ltd. starting from the third quarter of 2021.

Note 2 : On March 29, 2021, the Company’s Board of Directors resolved to dispose a 100% equity interest of the subsidiary, Action Technology (Jian) Co., Ltd., which was held by the subsidiary, Almond Garden Corp. (AGC), and the effective date for the disposal was set on

June 2, 2021.

Note 3 : On December 7, 2017, the Board of Directors of BEST DENKI LTD. passed a dissolution resolution. On December 25, 2017, the shareholders at their extraordinary general meeting approved to set the date of dissolution on December 31, 2017. As of the report date, the liquidation was still in progress.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Subsidiaries	\$ 16,805	\$ 15,103

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

B. Purchases

	Year ended December 31	
	2022	2021
Subsidiaries	\$ 14,136	\$ 12,818

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

C. Income from managerial services (shown as other income)

	Year ended December 31	
	2022	2021
Subsidiaries		
-AFY	\$ 4,482	\$ 3,592
-Others	1,830	1,771
	<u>\$ 6,312</u>	<u>\$ 5,363</u>

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

D. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Subsidiaries	\$ 362	\$ 1,006
Other related parties	<u>4,691</u>	<u>4,691</u>
	5,053	5,697
Less: Loss allowance	(<u>4,691</u>)	(<u>4,691</u>)
	<u>\$ 362</u>	<u>\$ 1,006</u>
Other receivables:		
Other related parties		
-BEST	\$ 93,325	\$ 93,353
Subsidiaries		
-AFY	1,448	9,444
-Others	<u>11</u>	<u>1,921</u>
	94,784	104,718
Less: Loss allowance	(<u>74,469</u>)	(<u>74,469</u>)
	<u>\$ 20,315</u>	<u>\$ 30,249</u>

The above-mentioned receivables from related parties on December 31, 2022 and 2021 are mainly due to capital reduction, advances and management service income of subsidiaries.

E. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Subsidiaries	<u>\$ 1,448</u>	<u>\$ 1,122</u>
Other payables:		
Subsidiaries	<u>\$ 2,607</u>	<u>\$ 2,225</u>

The above-mentioned amounts due to related parties on December 31, 2022 and 2021 are mainly due to after-sales service fees and advances.

F. Lease transactions — lessee

(a) The Company leases buildings from the Company's related parties. The lease term was 2~5 years, and rent was paid monthly.

(b) Rental expenses

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	<u>\$ 314</u>	<u>\$ 314</u>

(c) Lease liabilities

i. Ending balance :

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	<u>\$ 424</u>	<u>\$ 730</u>

ii. Interest expense :

	Year ended December 31	
	2022	2021
Subsidiaries	\$ 9	\$ 11

G. Loans to /from related parties:

Loans from related parties:

(a) Ending Balance (shown as other payables-related parties) :

	Year ended December 31	
	2022	2021
Subsidiaries		
-AMP	\$ 30,782	\$ 27,722

(b) Interest expense

	Year ended December 31	
	2022	2021
Subsidiaries		
-AMP	\$ 612	\$ 476

Borrowings from subsidiaries are subject to repayment upon maturity, and interest in 2022 and 2021 will be charged at annual interest rate range of 1.7% to 2.5% and at an annual interest rate of 1.7%.

H. Endorsements and guarantees provided to related parties:

A. Ending balance

	December 31, 2022	December 31, 2021
- Subsidiaries		
-AFY	\$ 2,200,000	\$ 1,000,000
-AAS	-	45,000
	<u>\$ 2,200,000</u>	<u>\$ 1,045,000</u>

B. Endorsement Guaranteed Income (shown as other income)

	December 31, 2022	December 31, 2021
Subsidiaries		
-AFY	\$ 1,926	\$ 617
-AAS	\$ 100	\$ 20
	<u>\$ 2,026</u>	<u>\$ 637</u>

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

I. Other:

	December 31, 2022	December 31, 2021
Other related party -YOU YUAN LAI	<u>\$ 50,000</u>	<u>\$ 50,000</u>

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

(3) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	\$ 22,467	\$ 23,587

8. Pledged Assets

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

Pledged assets	Book value		Purpose
	December 31, 2022	December 31, 2021	
Property, plant and equipment - land and buildings	44,091	44,929	Bank borrowings
Investment property - land and buildings	89,091	89,993	Bank borrowings
Inventories - construction in progress	55,847	55,847	Bank borrowings
	<u>\$ 189,029</u>	<u>\$ 190,769</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) As of December 31, 2022 and 2021, the guarantee notes issued by the Company for unsecured loan facilities amounted to \$1,642,300 and \$1,656,000, respectively.
- (2) As of December 31, 2022 and 2021, the outstanding usance letters of credit issued by the Company for purchasing goods and raw materials amounted to \$26,301 and \$53,339, respectively.
- (3) The Company used its land on No. 239 and 240-1, Zhonggong Sec., Zhongli Dist. and land on No. 241, Zhonggong Sec., Zhongli Dist. held by Youyuanlai Investment Co., Ltd. to jointly build and develop 'Yisheng Zhihui Science and Technology Park', which the Company's subsidiary, FAR YEAR CONSTRUCTION CO., LTD. , was entrusted to carry out the development and construction matters. After the completion of the construction, the two parties could choose the floors based on mutual agreement. The construction expenses and costs starting from the construction to the obtainment of use permit, as well as the marketing or other costs of this development case shall be borne by FAR YEAR CONSTRUCTION CO., LTD.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (a) Details of the appropriation of 2022 earnings as proposed by the Board of Directors on March 14, 2023 are provided in Note 6(20)
- (b) On March 14, 2023, the Board of Directors resolved to meet the short-term working capital needs of the subsidiary, FAR YEAR CONSTRUCTION CO., LTD., by granting the revolving loans amounting to \$200,000.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the

Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 4,004
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 111,765	\$ 166,166
Financial assets at amortised cost	\$ 259,531	\$ 244,219
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 474,225	\$ 612,383
Lease liability (Including current and non-current)	\$ 40,316	\$ 18,846

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

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's financial policy tends toward conservatism principle, therefore the Company does not operate the high-risk and complex derivative financial instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from

the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

- ii. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: MYR and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
(Foreign currency: functional currency)	Foreign Currency		Book value (NTD)
	Amount (In thousands)	Exchange Rate	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 4,361	30.71	\$ 133,926
EUR:NTD	37	32.72	1,211
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,756	30.71	\$ 53,927

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

- iv. Total exchange (loss) gain, including realised and unrealised, arising from significant

foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to a loss of \$8,512 and \$58, respectively.

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

	December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,339	\$ -
EUR:NTD	1%	12	
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 539	\$ -
	December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 786	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,065	\$ -

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the

change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% or liquidity discount rate had changes by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$0 and \$40, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,118 and \$1,662, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Company's borrowings are floating-rate debts, which expose the Company to cash flow interest rate risk. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,800 and \$3,784, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is

low.

- v. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company used the forecastability of data obtained from the Business Indicators Data Base of the National Development Council and the Basel Committee on Banking Supervision to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the loss rate is as follows:

	Individual	Not past due	Up to 30 days past due	31-90 days past due	91-180 days past due	Total
<u>December 31, 2022</u>						
Rate of expected credit loss	100.00%	0.06%	0.07%	0.08%	0.08%	
Carrying amounts	\$ 4,691	\$ 54,292	\$ -	\$ -	\$ -	\$ 58,983
Loss allowance	\$ 4,691	\$ 12	\$ -	\$ -	\$ -	\$ 4,703
<u>December 31, 2021</u>						
Rate of expected credit loss	100.00%	0.06%	0.07%	0.08%	0.08%	
Carrying amounts	\$ 4,691	\$ 87,623	\$ -	\$ -	\$ -	\$ 92,314
Loss allowance	\$ 4,691	\$ 93	\$ -	\$ -	\$ -	\$ 4,784

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

	<u>2022</u>
	<u>Receivables</u>
At January 1	\$ 4,784
Gains on reversal of credit impairment	(81)
At December 31	<u>\$ 4,703</u>
	<u>2021</u>
	<u>Receivables</u>
At January 1	\$ 4,785
Gains on reversal of credit impairment	(1)
At December 31	<u>\$ 4,784</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient

head-room as determined by the above-mentioned forecasts.

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

Non-derivative financial liabilities:

December 31, 2022	Within 1 year	Over 1 year
Short-term borrowings	\$ 190,000	\$ -
Accounts payable	42,461	-
Other payables	80,834	-
Long-term borrowings	-	160,000
Lease liabilities	11,680	29,751
Guarantee deposits received	-	930

Non-derivative financial liabilities:

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

- B. Financial instruments not measured at fair value

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

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

- (a) The company is classified based on the nature, characteristics and risks of the assets and the basic level of fair value. The relevant information is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	<u>\$ 111,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,765</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 4,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,004</u>
Financial assets at fair value through other comprehensive income	<u>\$ 166,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,166</u>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Emerging stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

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

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

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

13. Supplementary Disclosures

(1) Significant transactions information

Information on significant transactions as of and for the year ended December 31, 2022 in conformity with the Rules Governing the Preparation of Financial Statements by Securities Issuers is as follows. In addition, inter-company transactions between companies were eliminated. The following disclosures are for reference only:

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

Not applicable.

ACTION ELECTRONICS CO., LTD.
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022

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

Statement 1

Item	Description				Exchange Rate	Amount
Cash on hand and revolving funds						
	- NTD					\$ 455
	- Foreign currency deposits	- RMB	\$71	4.41		-
						<u>455</u>
Checking accounts and Demand deposits						
	- NTD					45,306
	- Foreign currency deposits	- USD	\$1,961,089	30.71		60,225
		- EUR	\$36,799	32.72		1,204
						<u>106,735</u>
Time deposits						
	- Foreign currency deposits	- USD	\$2,400,000	30.71		73,704
						<u>180,439</u>
						<u>\$ 180,894</u>

Note: Time deposits disclosed above expire within one year with 4% of the interest rate.

ACTION ELECTRONICS CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2022
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2	Name of Financial	Description	Shares in thousands	Face value	Total amount	Interest Rate	Cost	Accumulated impairment	Fair value		Note
									Unit price	Total amount	
Ordinary stocks of Clientron Corp.											
			4,941	\$ -	\$ -	-	\$ 63,943	None	\$ 23	\$ 111,765	

ACTION ELECTRONICS CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2022

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

Statement 3

Item	Amount		Note
	Cost	Net Realizable Value	
Finished goods	\$ 4	\$ 1	Measured at net realizable value
Merchandise	171,697	167,072	Measured at net realizable value
Inventory in transit	12,396	12,396	Measured at net realizable value
Construction in progress	93,785	93,785	Note
	277,882	\$ 273,254	
Less : Allowance for valuation loss	(4,628)		
	\$ 273,254		

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

ACTION ELECTRONICS CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name	Beginning Balance		Investment income (loss)	Exchange differences on translation of foreign financial	Decrease		Ending Balance			
	Shares	Amount			Shares	Amount (Note 1)	Other (Note 2)	Shares	Percentage of Ownership	Amount
ACTION ASIA LTD.(AAL)	149,511,976	\$1,130,069	\$ 85,454	\$	22,793	-	(\$ 25,454)	\$ 3,550	61.50%	\$1,216,412
ALMOND GARDEN	14,500,000	993,334	65,868		24,418	-	(268,766)	2,219	100%	817,073
CORP.(AGC)										
FAR YEAR CONSTRUCTION CO., LTD.	20,000,000	187,065	(11,551)		-	-	-	-	100%	175,514
(formerly ‘ACTION ASIA DEVELOPMENT IND CO., LTD.’)										
REALISE TECHSERVICE CO., LTD.	6,000,000	28,997	5,375		-	-	-	2,587	100%	36,959
		<u>\$2,339,465</u>	<u>\$145,146</u>	<u>\$</u>	<u>47,211</u>		<u>(\$ 294,220)</u>	<u>\$ 8,356</u>		<u>\$2,245,958</u>

Note 1: Decrease for the year pertains to the receipt of cash dividends.

Note 2: Others pertain to remeasurements of defined benefit plans of the subsidiaries accounted for using the equity method of \$2,337 and employees' compensation distributed to subsidiaries by the parent company of \$6,019.

ACTION ELECTRONICS CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022

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

Statement 5

Nature	Description	Ending		Range of Interest		
		Balance	Contract Period	Rate	Credit Line	Collateral
Unsecured borrowings	Taiwan Cooperative Financial Holding	\$ 30,000	2022/12/21~2023/03/21	1.93%	\$ 50,000	None
Secured borrowings	First Commercial Bank	80,000	2022/11/05~2023/02/13	1.73%~1.85%	300,000	Yes
Secured borrowings	Hua Nan Bank	60,000	2022/10/19~2023/04/19	1.98%	100,000	Yes
Secured borrowings	Chang Hwa Commercial Bank, Ltd.	20,000	2022/11/30~2023/05/30	2.08%	280,000	Yes
		<u>\$ 190,000</u>				

ACTION ELECTRONICS CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022

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

Statement 6		Description	Amount	Contract Period	Interest Rate	Collateral	Note
Creditor							
First Commercial Bank	Medium and long-term borrowings		\$ 160,000	2021/06/24~2024/06/24	2.28%	Collateral	Refer to Note 8

ACTION ELECTRONICS CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Item	Volume	Amount	Note
Air conditioner	24,189 units	\$ 256,320	
Washing Machine and dryer	17,442 units	117,840	
Television	13,598 units	100,490	
Freezer and refrigerator	9,285 units	79,315	
Small appliances	26,105 units	27,080	
Kitchen appliances	11,041 units	11,954	
Others		4,583	
		<u>597,582</u>	
Less: Sales returns		(5,021)	
Less: Sales discounts and allowances		(63,603)	
		<u>(68,624)</u>	
Net operating revenue		528,958	
Other operating revenue		27,025	
		<u>\$ 555,983</u>	

ACTION ELECTRONICS CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Statement 8

Item	Amount
Beginning raw materials	\$ -
Add: Raw materials purchased	4,317
Less: Ending raw materials	-
Cost of raw material sold	4,317
Beginning merchandise	185,531
Add: Net purchase for the year	422,217
Less: Ending merchandise	(184,092)
Transferred to expenses	(14,768)
Others	(11)
Cost of merchandise sales	408,877
Beginning finished goods	13
Add: Net purchase for the year	4
Less: Ending finished goods	(4)
Cost of goods sold from manufacturing	13
Cost of goods sold	413,207
Loss on inventory valuation	266
Other operating costs	37,022
	<u>\$ 450,495</u>

ACTION ELECTRONICS CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Description	Amount	Note
Wages and salaries		\$ 23,466	
Advertisement expense		27,130	
Freight		20,114	
Rent expense		11,493	
Depreciation expense		8,353	
Service expense		6,207	
Other expenses		17,734	None of the balances of each remaining item is greater than 5% of this account balance
		<u>\$ 114,497</u>	

ACTION ELECTRONICS CO., LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Description	Amount	Note
Wages and salaries		\$ 28,017	
Depreciation expenses		7,212	
Service expenses		10,961	
Amortization expenses		6,833	
Other expenses		21,486	None of the balances of each remaining item is greater than 5% of this account balance
		<u>\$ 74,509</u>	

ACTION ELECTRONICS CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Statement 11

Function		Year ended December 31, 2022		Year ended December 31, 2021			
Nature		Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense							
Wages and salaries		\$ -	\$ 49,452	\$ 49,452	\$ 5	\$ 61,259	\$ 61,264
Labour and health insurance fees		-	5,663	5,663	-	5,041	5,041
Pension costs		-	2,780	2,780	-	2,424	2,424
Directors' remuneration		-	4,688	4,688	-	11,302	11,302
Other personnel expenses		3	3,683	3,686	3	3,326	3,329
Depreciation Expense		1,344	15,564	16,908	1,344	9,142	10,486
Amortisation Expense		-	8,198	8,198	-	6,595	6,595

Note:

1. As at December 31, 2022 and 2021, the Company had 79 and 64 employees, including both 6 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
 - (1) Average employee benefit expense in current year 844 (in dollars).
Average employee benefit expense in previous year 1,242 (in dollars).
 - (2) Average employees salaries in current year 613 (in dollars).
Average employees salaries in previous year 861 (in dollars).
 - (3) Adjustments of average employees salaries -29%.
 - (4) The Company has established an audit committee in lieu of a supervisor and there is not applicable to disclose the information of supervisors' remuneration.

ACTION ELECTRONICS CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY

FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Statement 11

(5) The Company's compensation policies:

- A. Directors: The remuneration of the directors of the company is handled in accordance with rules and regulations of the company, to authorize the board of directors to determine salary and remunerations according to their degree of participation and value of contribution in the operation of the company, based upon the domestic and overseas industry standards.
- B. Managers: The amount of remuneration awarded to the managers of the company is reviewed by the remuneration committee and submitted to the board of directors for resolution based on their positions, contributions, and company operating performance for the year.
- C. Staff: The company's employee salary and remuneration policy is to provide employees with average salary and benefits. Based on the company's operating performance and each employee's position, contribution, and performance to determine the year-end bonus and related remuneration, the amount and distribution method are recommended by the remuneration committee and approved by to the board of directors.

Action Electronics Co., LTD.

Chairman: Peng Ting Yu