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.
DECEMBER 31, 2022 AND 2021 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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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 forecase are dependent upon subjective judgements and contain a high degree of uncertainties, which have a significant impact on the measurement of recoverable amount, and further affect the estimates of impairment of trademark, we consider the impairment assessment of intangible assets a key audit matter.

How our audit addressed the matter

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

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

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

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

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

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

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

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

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

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

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

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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	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
	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									
				Retained Earnings			Other equity interest				
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	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	Non-controlling interest	Total equity
2021											
Balance at January 1		$2,771,575	$ 1,602	$ 20,301	$ 204,418	$ 69,785	($ 470,283)	$ 21,312	$2,618,710	($ 4,486)	$2,614,224
Profit for the year		-	-	-	-	208,540	-	-	208,540	1,061	209,601
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	2,157	(48,687)	82,428	35,898	3,425	39,323
Total comprehensive income (loss) for the year		-	-	-	-	210,697	(48,687)	82,428	244,438	4,486	248,924
Appropriation and distribution of 2020 retained earnings:	6(21)										
Legal reserve appropriated		-	-	4,370	-	(4,370)	-	-	-	-	-
Special reserve appropriated		-	-	-	35,135	(35,135)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(27,716)	-	-	(27,716)	-	(27,716)
Proceeds from disposal of financial assets at fair value through other comprehensive income transferred to retained earnings	6(3)	-	-	-	-	1,517	-	(1,517)	-	-	-
Balance at December 31		$2,771,575	$ 1,602	$ 24,671	$ 239,553	$ 214,778	($ 518,970)	$ 102,223	$2,835,432	$ -	$2,835,432
2022											
Balance at January 1		$2,771,575	$ 1,602	$ 24,671	$ 239,553	$ 214,778	($ 518,970)	$ 102,223	$2,835,432	$ -	$2,835,432
Profit for the year		-	-	-	-	91,774	-	-	91,774	-	91,774
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	2,814	37,769	(54,401)	(13,818)	-	(13,818)
Total comprehensive income (loss) for the year		-	-	-	-	94,588	37,769	(54,401)	77,956	-	77,956
Appropriation and distribution of 2021 retained earnings:	6(21)										
Legal reserve appropriated		-	-	21,222	-	(21,222)	-	-	-	-	-
Special reserve appropriated		-	-	-	2,563	(2,563)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(83,147)	-	-	(83,147)	-	(83,147)
Balance at December 31		$2,771,575	$ 1,602	$ 45,893	$ 242,116	$ 202,434	($ 481,201)	$ 47,822	$2,830,241	$ -	$2,830,241

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

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

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

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

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
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
CASH FLOWS FROM FINANCING ACTIVITIES			
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 (%) December 31, 2022	Ownership (%) December 31, 2021	Description
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 (%) December 31, 2022	Ownership (%) December 31, 2021	Description
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 assessts 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. Accmulated experience is used to estimate and provide for the sales returns, discounts and other allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability (shown as other current liabilities) and an asset recognised as right to recover products from customers (shown as other current assets, others) are recognised for expected sales returns and allowances payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the 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 recongised 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) <u>Operating segments</u>

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. <u>Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty</u>

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) <u>Critical judgements in applying the Group's accounting policies</u>

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

(2) <u>Critical accounting estimates and assumptions</u>

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

	December 31, 2022	December 31, 2021
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
	$ 729,382	$ 666,267

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

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

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
	$ 111,765	$ 166,166

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)
	$ 85,359	$ 142,137

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
	$ 7,813	$ 19,148
Less: Loss allowance	(6,659)	(6,560)
	$ 1,154	$ 12,588

(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
	$ 1,200,259	($ 42,200)	$ 1,158,059

	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
	$ 777,305	($ 32,997)	$ 744,308

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)
	$ 1,095,637	$ 1,191,520

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	$ 1,992

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 TECHNOLO GY (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 Dcember 31, 2022	Shareholding ratio Dcember 31, 2021	Nature of relationship	Methods of measurement
DEDE TECHNOLO GY (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
At January 1, 2022						
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)
	$ 43,227	$ 98,897	$ 3,795	$ 7,155	$ 9,908	$ 162,982
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	$ 43,227	$ 99,703	$ 2,059	$ 10,927	$ 6,540	$ 162,456
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)
	$ 43,227	$ 99,703	$ 2,059	$ 10,927	$ 6,540	$ 162,456

	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Total
At January 1, 2021						
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)
	$ 43,227	$ 105,624	$ 6,335	$ 8,480	$ 13,137	$ 176,803
2021						
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	$ 43,227	$ 98,897	$ 3,795	$ 7,155	$ 9,908	$ 162,982
At December 31, 2021						
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)
	$ 43,227	$ 98,897	$ 3,795	$ 7,155	$ 9,908	$ 162,982

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:

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

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

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:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
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:

	December 31, 2022	December 31, 2021
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
	$ 242,316	$ 266,994

(12) Investment property

	2022				
	Land	Buildings and structures	Right-of-use assets	Investment property under construction	Total
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)
	$ 82,517	$ 778,211	$ 59,037	$ 89,310	$ 1,009,075
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	$ 82,517	$ 776,786	$ 58,891	$ 205,461	$ 1,123,655
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)
	$ 82,517	$ 776,786	$ 58,891	$ 205,461	$ 1,123,655

	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)
	$ 67,410	$ 797,972	$ 62,190	$ 207,940	$ 1,135,512
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	$ 82,517	$ 778,211	$ 59,037	$ 89,310	$ 1,009,075
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)
	$ 82,517	$ 778,211	$ 59,037	$ 89,310	$ 1,009,075

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	$ 144,354	$ 147,240
Direct operating expenses arising from the investment property that generated rental income during the year	$ 38,152	$ 47,365
Direct operating expenses arising from the investment property that did not generate rental income during the year	$ 1,208	$ 1,553

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
At January 1, 2022					
Cost	$ 296,027	$ 276	$ 12,143	$ 2,718	$ 311,164
Accumulated amortisation	(77,536)	(276)	(11,637)	(2,335)	(91,784)
	$ 218,491	$ -	$ 506	$ 383	$ 219,380
2022					
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	$ 213,366	$ -	$ -	$ 476	$ 213,842
At December 31, 2022					
Cost	$ 289,605	$ 276	$ -	$ 2,854	$ 292,735
Accumulated amortisation	(76,238)	(276)	-	(2,379)	(78,893)
	$ 213,367	$ -	$ -	$ 475	$ 213,842

	Kolin trademark	Patents	Goodwill	Customer relationships	Others	Total
At January 1, 2021						
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)
	$ 223,782	$ -	$ -	$ 1,720	$ 269	$ 225,771
2021						
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	$ 218,491	$ -	$ -	$ 506	$ 383	$ 219,380
At December 31, 2021						
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)
	$ 218,491	$ -	$ -	$ 506	$ 383	$ 219,380

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
	$ 6,488	$ 7,033

(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
	$ 190,000		

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
	$ 394,910		

(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)
				$ 160,000

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
				$ 352,821

(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
	$ 166,900	$ 158,900

(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	$ 34,391	$ 34,708

Analysis of total provisions:

	December 31, 2022	December 31, 2021
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:

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

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 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
	$	27,571

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:

	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
	$ 106,932		$ 67,221	

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
	$ 194,911	

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	($ 481,201)	$ 47,822	($ 433,379)

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

(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
	1,327,286	1,380,394
Rental revenue	133,324	136,224
Other operating revenue	25,791	23,526
Less: Operating revenue from discontinued operations	-	(4,152)
	$ 1,486,401	$ 1,535,992

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
	$ 1,271,091	$ 1,337,706

(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
	$ 215,310	$ 198,286

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	-
	$ 363,880	$ 252,153	$ 23,694

	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	$ 87,651	$ 23,143

(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)
	$ 6,671	$ 2,128

(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
	$ 24,109	$ 23,934

(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)
	$ 11,350	$ 1,862

(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
	$ 10,848	$ 8,712

(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
	$ 221,101	$ 253,221
Depreciation charge	$ 65,967	$ 56,955
Amortisation charge	$ 9,311	$ 7,649

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	$ 17,238	$ 48,373

(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
	$ 10,145	($ 11,633)

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 defferred 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	$ 17,238	$ 48,373

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
	$ 155,800	($ 42,531)	($ 9,982)	$ 380	$ 103,667
－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)
	($ 116,191)	$ 58,206	($ 163)	($ 1,196)	($ 59,344)
	$ 39,609	$ 15,675	($ 10,145)	($ 816)	$ 44,323

	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
	$ 170,242	($ 26,070)	$ 11,633	($ 5)	$ 155,800
－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)
	($ 124,047)	$ 7,851	$ -	$ 5	($ 116,191)
	$ 46,195	($ 18,219)	$ 11,633	$ -	$ 39,609

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
	$ 710,307	$ 397,134	$ 322,844	

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
	$ 756,579	$ 629,611	$ 327,031	

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	$ 146,915	$ 124,803

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		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 91,774	277,158	$ 0.33
Diluted earnings per share			
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		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
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
Diluted earnings per share			
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:

	December 31, 2021
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	$ 85,834
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	$ 114,289

(32) 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	$ 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	$ 190,000	$ 706,315	$ 22,189	$ 61,745	$ 980,249

	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	$ 394,910	$ 352,821	$ 20,388	$ 41,365	$ 809,484

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
DEDE TECHNOLO GY (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	$ 187	$ 320

B. Endorsement Guaranteed Income (shown as other income)

	December 31, 2022	December 31, 2021
Other related parties	$ 2,994	$ 2,948

C. Receivables from related parties

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

D. Payables to related parties

	December 31, 2022	December 31, 2021
Other payables:		
Other parties	$ 131	$ 175

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

	December 31, 2022	December 31, 2021
Other parties	$ -	$ 92

F. Endorsements and guarantees provided to related parties

	December 31, 2022	December 31, 2021
Associates		
-DEDE	$ 317,376	$ 312,768

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

	2022	2021
Short-term employee benefits	$ 46,447	$ 45,330

8. Pledged Assets

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

Pledged assets	Book value December 31, 2022	Book value December 31, 2021	Purpose
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
	$ 779,138	$ 817,181	

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 singed (tax included)	$ 1,315,230	$ 1,110,460
Amount collected as agreed (tax excluded) (Shown as 'contract liabilities - current')	$ 278,837	$ 163,835

(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

	December 31, 2022	December 31, 2021
Financial assets		
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

	December 31, 2022	December 31, 2021
Financial liabilities		
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)			
Financial assets			
Monetary items			
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
Financial liabilities			
Monetary items			
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)			
Financial assets			
Monetary items			
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
Financial liabilities			
Monetary items			
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)			
Financial assets			
Monetary items			
USD:HKD	1%	$ 464	$ -
USD:RMB	1%	379	-
USD:SGD	1%	227	
USD:NTD	1%	1,339	-
USD:MYR	1%	1,929	-
Financial liabilities			
Monetary items			
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)			
Financial assets			
Monetary items			
USD:HKD	1%	$ 1,413	$ -
USD:RMB	1%	333	-
USD:NTD	1%	781	-
USD:MYR	1%	2,269	-
Financial liabilities			
Monetary items			
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.

<u>Cash flow and fair value interest rate risk</u>

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	-
	$ 125,651	$ 13,748	$ 161,545	$ 26,520

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
December 31, 2022					
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
December 31, 2021					
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:

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

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

(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:

	Emerging stocks	Closed-end fund	Open-end fund
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:

Year ended December 31, 2022	AAL segment	AGC segment	Taiwan segment	Reconciliation and elimination	Total
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

Year ended December 31, 2021	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
	$ 1,486,401	$ 1,581,551	$ 1,535,992	$ 1,448,260

(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
	$ 375,196		$ 541,112	

Action Electronics Co., Ltd. and its subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
1	ACTION INDUSTRIE S (M) SDN. BHD.	ACTION ELECTRONICS CO., LTD.	Other receivables - related parties	Yes	$ 32,215	$ 30,710	$ 30,710	2.50	2	$ -	Working capital	$ -	-	-	$ 420,298	$ 420,298	

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

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

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

Note 4: As of December 31, 2022, the actual amount drawn down by ACTION INDUSTRIES (M) SDN. BHD. was $30,710 (USD 1,000 thousand, translated using the exchange rate NTD：USD＝30.71：1)

Action Electronics Co., Ltd. and its subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number （Note 1）	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Relationship with the endorser/ guarantor （Note 2）	Limit on endorsements/ guarantees provided for a single party （Notes 3 and 8）	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 （Note 4）	Outstanding endorsement/ guarantee amount at December 31, 2022 （Note 5）	Actual amount drawn down （Note 6）	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided （Notes 3 and 8）	Provision of endorsements/ guarantees by parent company to subsidiary （Note 7）	Provision of endorsements/ guarantees by subsidiary to parent company （Note 7）	Provision of endorsements/ guarantees to the party in Mainland China （Note 7）	Footnote
0	ACTION ELECTRONICS CO., LTD.	FAR YEAR CONSTRUCTION CO., LTD.	2	$ 2,830,241	$ 2,200,000	$ 2,200,000	$ 546,315	$ 2,200,000	77.73	$ 4,245,362	Y	N	N	
0	ACTION ELECTRONICS CO., LTD.	ACTION ASIA (SHENZHEN) CO., LTD.	2	2,830,241	45,000	-	-	45,000	0.00	4,245,362	Y	N	Y	
1	ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	2	1,976,729	84,869	82,287	-	-	2.91	2,965,094	Y	N	N	
2	ACTION ASIA (SHENZHEN) CO., LTD.	DEDE TECHNOLO GY (SHENZHEN) CO., LTD.	6	774,390	324,432	317,376	317,376	317,376	11.21	1,161,585	N	N	Y	

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

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

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

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

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

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

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

Note 8: In accordance with the Company’s “Procedures for Provision of Endorsements and Guarantees”, ceiling on total amount of endorsements/guarantees provided by the Company and limit on endoresements/guarantees provided to a single party, as well as limit on endorsements/guarantees granted by the Company and its subsidiaries as a whole are as follows:
(1) Ceiling on the accumulated total endoresements/guarantees granted is 1.5 times of the net asset value in latest audited or reviewed financial statements.
(2) Limit on endorsements/guarantees granted by the Company and its subsidiaries to a single party is the net asset value in latest audited or reviewed financial statements of the Company or its subsidiaries.
(3) Limit on total endorsements/guarantees granted by the Company and subsidiaries as a whole is 1.5 times of the net asset value in latest audited or reviewed financial statements of the Company and its subsidiaries.

Action Electronics Co., Ltd. and its subsidiaries

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

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2021				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
ACTION ELECTRONICS CO., LTD.	Ordinary stocks of Clientron Corp.	-	Financial assets at fair value through other comprehensive income - current	4,941	$ 111,765	0.08	$ 111,765	
ACTION ELECTRONICS CO., LTD.	Ordinary stocks of TOA Optronics Corporation.	-	Financial assets at fair value through profit or loss - non-current	1,283	-	0.07	-	
ALMOND GARDEN CORP.	Ordinary stocks of BLOOMING ENTERPRISE CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	455	-	0.15	-	
REALISE TECH-SERVICE CO., LTD.	FSITC US Top 100 Bond Fund	-	Financial assets at fair value through profit or loss - current	284	2,597	-	2,597	
FAR YEAR CONSTRUCTION CO., LTD.	PineBridge ESG Quantitative Global Equity Fund	-	Financial assets at fair value through profit or loss - current	Note 5	44,090	-	44,090	

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

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

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

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

Note 5: The Company held 9,746,161.2307 thousand shares as of December 31, 2022.

Action Electronics Co., Ltd. and its subsidiaries

Transactions with related parties involving main business items reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Different situations and reasons of Trading Conditions and General Trading		General ledger account		
Company name	Counterparty	Relationship	purchase or sale	Amount	Percentage of total purchase or total sales	credit period	Price	credit period	Balance	total notes receivable or total account	Footnote
ACTION ASIA (SHENZHEN) CO., LTD. and its subsidiaries	ACTION INDUSTRIES(M) SDN. BHD.	sister company	Sales	$ 384,376	30%	T/T 60 days after receipt of goods	Sales price depends on both parties	T/T 60 days after receipt of goods	$ 35,173	20%	

Note 1：Transactions with related parties were disclosed with asset and revenue;therefore, relative transactions are not disclosed in the table.

Action Electronics Co., Ltd. and its subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 5) General ledger account	Amount	Transaction terms	operating revenues or total assets (Note 3)
0	ACTION ELECTRONICS CO., LTD.	REALISE TECH-SERVICE CO., LTD.	1	Sales revenue	$ 15,694	T/T 30 days after receipt of goods	1%
1	REALISE TECH-SERVICE CO., LTD.	ACTION ELECTRONICS CO., LTD.	2	Sales revenue	27,990	T/T 30 days after receipt of goods	2%
2	ACTION ASIA (SHENZHEN) CO., LTD.	ACTION INDUSTRIES(M) SDN. BHD.	3	Sales revenue	384,376	T/T 60 days after receipt of goods	26%
2	ACTION ASIA (SHENZHEN) CO., LTD.	ACTION INDUSTRIES(M) SDN. BHD.	3	Accounts receivable	35,173	T/T 60 days after receipt of goods	1%
4	ASD ELECTRONICS LIMITED	ACTION ASIA (SHENZHEN) CO., LTD. and its subsidiaries	3	Sales revenue	28,598	T/T 60 days after receipt of goods	2%
6	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	ACTION ASIA (SHENZHEN) CO., LTD. and its subsidiaries	3	Technical service revenue	22,060	T/T 60 days after receipt of goods	1%
7	ACTION INDUSTRIES(M) SDN. BHD.	ACTION ASIA (SHENZHEN) CO., LTD. and its subsidiaries	3	Sales revenue	11,314	T/T 60 days after receipt of goods	1%

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

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

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

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

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

Action Electronics Co., Ltd. and its subsidiaries
Information on investees
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2(3))	Footnote
ACTION ELECTRONICS CO., LTD.	ACTION ASIA LTD.	Singapore	A holding and investment company	$ 241,231	$ 241,231	149,511,976	61.54%	$ 1,216,412	$ 138,867	$ 85,454	
ACTION ELECTRONICS CO., LTD.	ALMOND GARDEN CORP.	British Virgin Islands	A holding and investment company	-	-	14,500,000	100.00%	817,073	65,868	65,868	
ACTION ELECTRONICS CO., LTD.	BEST DENKI LTD.	Taiwan	Sale and maintenance of various electronic appliances and home appliances	109,696	109,696	10,970,926	99.74%	-	-	-	In liquidation
ACTION ELECTRONICS CO., LTD.	REALISE TECH-SERVICE CO., LTD.	Taiwan	Repair services of electronic information products	60,000	60,000	6,000,000	100.00%	36,959	6,417	5,375	
ACTION ELECTRONICS CO., LTD.	FAR YEAR CONSTRUCTION CO., LTD.	Taiwan	Housing, building and industrial factory development and rental and real estate leasing and trading	200,000	200,000	20,000,000	100.00%	175,514	(11,551)	(11,551)	
ALMOND GARDEN CORP.	ASD ELECTRONICS LIMITED	Hong Kong	Research and development and sale	46,200	46,200	4,175,000	100.00%	13,231	(638)	(638)	
ALMOND GARDEN CORP.	ACTION ASIA LTD.	Singapore	A holding and investment company	482,845	482,845	93,452,231	38.46%	760,208	138,867	53,413	
ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	Malaysia	Manufacture and sale of car LCD TVs	54,911	54,911	13,200,000	100.00%	195,205	37,569	37,569	
ACTION ASIA LTD.	ACTION ASIA INVESTMENT PTE.LTD	Singapore	A holding and investment company	-	-	1	100.00%	-	-	-	
ACTION INDUSTRIES(M) SDN. BHD.	ACTION-TEK SDN. BHD.	Malaysia	Research and development of consumer electronic products	-	-	2	100.00%	(816)	(82)	(82)	

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

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

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2022' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2022' column should fill in amount of net profit (loss) of the investee for this period.

(3)The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2022’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Action Electronics Co., Ltd. and its subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted to China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 （Note 2）	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	LCD TV products	$ 529,218	Invested in Mainland China through a wholly-owned Almond Garden Corp.	$ 529,218	$ -	$ -	$ 529,218	($ 63)	100.00	($ 63)	$ 32,356	$ -	Notes 1
DONGGUAN JINGWAN PHOTOELECTRICITY CO., LTD.	Manufacture and sale of electronic products and its accessories	100,377	Reinvested in Mainland China through a 14.55%-owned BLOMMING ENTERPRISE CO., LTD of a wholly-owned ALMOND GARDEN CORP.	24,375	-	-	24,375	-	14.55	-	-	-	Note 1
SHANGHAI ACTION TECHNOLOGY CO., LTD.	Research and development, manufacture and sale of electronic products and accessories and warehousing services	594,004	Invested in Mainland China through a wholly-owned ACTION ASIA LTD.	339,960	-	(41,370)	298,590	60,400	100.00	60,400	963,959	(41,370)	Note 1
ACTION ASIA (SHENZHEN) CO., LTD.	Research and development, manufacture and sale of electronic products and accessories	112,750	Invested in Mainland China through a wholly-owned ACTION ASIA LTD.	-	-	-	-	48,813	100.00	49,188	773,999	-	Notes 1 and 2
DEDE TECHNOLO GY (SHENZHEN) CO., LTD.	Plant leasing services	512,344	Reinvested in Mainland China through a wholly-owned ACTION ASIA (SHENZHEN) CO., LTD. of a wholly-owned ACTION ASIA LTD.	-	-	-	-	84,703	40.00	22,939	589,109	-	Notes 1
ACTION INTELLIGENT (SHENZHEN) CO., LTD.	Research and development and sale of AI electronic products	4,681	Reinvested in Mainland China through a wholly-owned ACTION ASIA (SHENZHEN) CO., LTD. held of a wholly-owned ACTION ASIA LTD.	-	-	-	-	(248)	100.00	(248)	1,506	-	Notes 1

Action Electronics Co., Ltd. and its subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ACTION ELECTRONICS CO., LTD.	$ 1,269,703	$ 1,956,134	Note 2

Note 1: The numbers in this table are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates and balance sheet accounts at spot exchange rates prevailing at the balance sheet date.
Note 2:The Company obtained the approval of operational headquarters issued by the Industrial Development Bureau, MOEA, which effective as of April 15, 2024.
Note 3: The equity of Huayi Technology (Shenzhen) Co., Ltd. has been transferred in 2017, and the accumulated amount of investment from Taiwan was NTD 670,087 thousand. ，
Note 4: The equity of ACTION TECHNOLOGY (JIAN) CO., LTD. has been transferred in 2021, and the accumulated amount of investment from Taiwan was NTD 356,915 thousand. The repatriated investment shares amounted to NTD 261,192,000 (USD 8,800,000).

Action Electronics Co., Ltd. and its subsidiaries

Major shareholders information

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Number of shares held (in thousands)	Ownership (%)
PENG CHUIN-PING	20,683	7.46%
TA PO INVESTMENT LTD.	16,511	5.95%

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

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