

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

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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 PARENT COMPANY ONLY FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
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## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### ***Opinion***

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

### **Intangible assets - impairment of trademark right**

#### Description

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

The Company's intangible assets are mainly the Kolin trademark. For the Company, the impairment was tested based on the recoverable amount which was measured using the present value of expected future cash flows discounted at an appropriate discount rate. Since the expected future cash flow involves a financial forecast for the next 4 years, and the assumptions applied in the preparation of the forecast are dependent upon subjective judgements and contain a high degree of uncertainties, which have a significant impact on the measurement of recoverable amount, and further affect the estimates of impairment of trademark, we consider the impairment assessment of intangible assets a key audit matter.

#### How our audit addressed the matter

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

- A. Obtained an understanding and assessed the process in which the management estimated future cash flows of such cash-generating unit, and reconciled the future cash flows used with the future annual budget provided by operating segments.
- B. Obtained an understanding on the procedure and basis for determining assumptions used by the management to forecast future cash flows.
- C. Assessed the key assumptions used by the external appraiser engaged by management in the estimation of future cash flows, including assessing the reasonableness of expected operating revenue, gross profit and changes in expenses by comparing to historical results.
- D. Reviewed the parameters of discount rates, including the reasonableness of risk-free rate of cost of equity, market risk premium, securities risk premium and size risk premium.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Ya-Hui

Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 14, 2023

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

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

ACTION ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

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

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

(Continued)

ACTION ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

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

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

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

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

Items		Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(22) and 7	\$ 555,983	100	\$ 571,538	100
5000	Operating costs	6(6)(27) and 7	( 450,495 )	( 81 )	( 470,461 )	( 82 )
5900	Gross profit from operations		105,488	19	101,077	18
	Operating expenses	6(27) and 7				
6100	Selling expenses		( 114,497 )	( 21 )	( 88,478 )	( 16 )
6200	Administrative expenses		( 74,509 )	( 13 )	( 86,958 )	( 15 )
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		81	-	1	-
6000	Total operating expenses		( 188,925 )	( 34 )	( 175,435 )	( 31 )
6900	Net operating loss		( 83,437 )	( 15 )	( 74,358 )	( 13 )
	Non-operating income and expenses					
7100	Interest income	6(23)	1,839	-	154	-
7010	Other income	6(24)	22,337	4	19,319	3
7020	Other gains and losses	6(25)	7,019	1	( 2,056 )	-
7050	Finance costs	6(26)	( 8,313 )	( 1 )	( 6,972 )	( 1 )
7070	Share of profit of associates and joint ventures accounted for using equity method	6(7)	145,146	26	292,593	51
7000	Total non-operating income and expenses		168,028	30	303,038	53
7900	<b>Profit before income tax</b>		84,591	15	228,680	40
7950	Income tax expense	6(28)	7,183	1	( 20,140 )	( 3 )
8200	<b>Profit (loss) for the year</b>		<u>\$ 91,774</u>	<u>16</u>	<u>\$ 208,540</u>	<u>37</u>
	<b>Other comprehensive income</b>					
	<b>New Item</b>					
8311	Gains (losses) on remeasurements of defined benefit plans	6(17)	\$ 594	-	\$ 378	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(21)	( 54,401 )	( 10 )	82,428	15
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		2,339	1	1,855	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		( 119 )	-	( 76 )	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		( 51,587 )	( 9 )	84,585	15
	<b>New Item</b>					
8361	Exchange differences on translation	6(21)	47,211	9	( 60,860 )	( 11 )
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(21)	( 9,442 )	( 2 )	12,173	2
8360	Components of other comprehensive income that will be reclassified to profit or loss		37,769	7	( 48,687 )	( 9 )
8300	<b>Other comprehensive income</b>		<u>( \$ 13,818 )</u>	<u>( 2 )</u>	<u>\$ 35,898</u>	<u>6</u>
8500	<b>Total comprehensive income</b>		<u>\$ 77,956</u>	<u>14</u>	<u>\$ 244,438</u>	<u>43</u>
	Earnings per share	6(29)				
9750	Basic earnings per share		\$ 0.33		\$ 0.75	
9850	Diluted earnings per share		\$ 0.33		\$ 0.75	

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

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

	Notes	Retained Earnings					Other equity interest		Total equity
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2021</u>									
Balance at January 1		\$ 2,771,575	\$ 1,602	\$ 20,301	\$ 204,418	\$ 69,785	(\$ 470,283 )	\$ 21,312	\$ 2,618,710
Profit for the year		-	-	-	-	208,540	-	-	208,540
Other comprehensive income (loss) for the year		-	-	-	-	2,157	( 48,687 )	82,428	35,898
Total comprehensive income		-	-	-	-	210,697	( 48,687 )	82,428	244,438
Appropriation and distribution of 2020 retained earnings:	6(20)								
Legal reserve appropriated		-	-	4,370	-	( 4,370 )	-	-	-
Special reserve appropriated		-	-	-	35,135	( 35,135 )	-	-	-
Cash dividends of ordinary share		-	-	-	-	( 27,716 )	-	-	( 27,716 )
Proceeds from disposal of financial assets at fair value through other comprehensive income transferred to retained earnings	6(3)	-	-	-	-	1,517	-	( 1,517 )	-
Balance at December 31		\$ 2,771,575	\$ 1,602	\$ 24,671	\$ 239,553	\$ 214,778	(\$ 518,970 )	\$ 102,223	\$ 2,835,432
<u>2022</u>									
Balance at January 1		\$ 2,771,575	\$ 1,602	\$ 24,671	\$ 239,553	\$ 214,778	(\$ 518,970 )	\$ 102,223	\$ 2,835,432
Profit for the year		-	-	-	-	91,774	-	-	91,774
Other comprehensive income (loss) for the year		-	-	-	-	2,814	37,769	( 54,401 )	( 13,818 )
Total comprehensive income		-	-	-	-	94,588	37,769	( 54,401 )	77,956
Appropriation and distribution of 2021 retained earnings:									
Legal reserve appropriated		-	-	21,222	-	( 21,222 )	-	-	-
Special reserve appropriated		-	-	-	2,563	( 2,563 )	-	-	-
Cash dividends of ordinary share		-	-	-	-	( 83,147 )	-	-	( 83,147 )
Balance at December 31		\$ 2,771,575	\$ 1,602	\$ 45,893	\$ 242,116	\$ 202,434	(\$ 481,201 )	\$ 47,822	\$ 2,830,241

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

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

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

(Continued)

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

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

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

ACTION ELECTRONICS CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organisation

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

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

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

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023



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

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

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

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

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

financial statements are disclosed in Note 5.

(3) Foreign currency translation

- A. Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.
- B. Foreign currency transactions and balances
  - (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
  - (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
  - (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
  - (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.
- C. Translation of foreign operations
  - (a) The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
    - i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
    - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
    - iii. All resulting exchange differences are recognised in other comprehensive income.
  - (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.
  - (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred

to the non-controlling interest in this foreign operation.

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

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:  
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

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

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

(12) Inventories

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

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

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of

the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss.
- J. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

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

change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

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

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

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

(16) Investment property

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

(17) Intangible assets

A. Trademarks and patents

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

## B. Computer software

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

### (18) Impairment of non-financial assets

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

### (19) Borrowings

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

### (20) Notes and accounts payable

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

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

### (21) Derecognition of financial liabilities

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

### (22) Provisions

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

### (23) Employee benefits

#### A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits



expected to be paid and are recognised as expenses in the period in which the employees render service.

## B. Pension

### (a) Defined contribution plan

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

### (b) Defined benefit plans

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

## C. Termination benefits

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

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

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

## (24) Income tax

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

income or equity.

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

(25) Dividends

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

(26) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells audio-visual electronic products, a variety of home appliances and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from sales is recognised based on the price specified in the contract, net of the estimated sales returns, discounts and other allowances. Accumulated experience is used to estimate and provide for the sales returns, discounts and other allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject

to an assessment at each reporting date. A refund liability (shown as other current liabilities) and an asset recognised as right to recover products from customers (shown as other current assets, others) are recognised for expected sales returns and allowances payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

- (c) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The advances received before delivery of goods is recognised a contract liability.

#### B. Revenue from licencing intellectual property

The Company entered into a contract with a customer to grant a licence of trademarks to the customer. Given the licence is distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing when the licence transfer to a customer over time based on the nature of the licence granted.

#### C. Incremental costs of obtaining a contract

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

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

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

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

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

(2) Critical accounting estimates and assumptions

A. Impairment assessment of intangible assets - trademark right

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

B. Evaluation of inventories

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

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 455	\$ 455
Checking accounts and demand deposits	106,735	46,261
Time deposits	73,704	-
	<u>\$ 180,894</u>	<u>\$ 46,716</u>

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

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

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

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items :		
Financial assets mandatorily measured at fair value through profit or loss		
Fund beneficiary certificates	\$ -	\$ 4,000
Valuation adjustment	-	4
	<u>\$ -</u>	<u>\$ 4,004</u>

- A. As of December 31, 2022 and 2021, the Company has no financial assets at fair value through profit or loss pledged to others.
- B. Amounts relating to net gains (losses) on financial assets at fair value through profit or loss, recorded as 'other gains and losses', are provided in Note 6(25).
- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).
- D. For the years ended December 31, 2022 and 2021, the Company sold fund beneficiary certificates for proceeds of \$3,174 and \$0, and recognised loss on disposal of \$830 and \$0, respectively.

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

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

- A. The Company has elected to classify strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$111,765 and \$166,166 as at December 31, 2022 and 2021, respectively.
- B. For the years ended December 31, 2022 and 2021, the amounts of fair value changes recognised in other comprehensive income for financial assets at fair value through other comprehensive income were \$54,401 and \$82,428, respectively.
- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$111,765 and \$166,166, respectively.
- D. On March 29, 2021, the Board of Directors resolved to sell 5,100 thousand shares of emerging stock in an open market. In the second quarter of 2021, the Company disposed 159 thousand shares for proceeds of \$3,574. The gain on disposal amounted to \$1,517 and has been transferred to retained earnings.
- E. As of December 31, 2022 and 2021, the Company has no financial assets at fair value through other comprehensive income pledged to others.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 9,899	\$ 14,295
Accounts receivable(including related parties)	49,084	78,019
Less: Loss allowance	( 4,703)	( 4,784)
	<u>\$ 54,280</u>	<u>\$ 87,530</u>

A. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$72,544.

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

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

(5) Other receivables

	December 31, 2022	December 31, 2021
Other receivables-related parties	\$ 94,784	\$ 104,718
Others	152	77
	<u>\$ 94,936</u>	<u>\$ 104,795</u>
Less: Loss allowance	( 74,469)	( 74,469)
	<u>\$ 20,467</u>	<u>\$ 30,326</u>

Other receivables-related parties are provided in Note 7.

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Finished goods	\$ 4	(\$ 3)	\$ 1
Merchandise	171,697	( 4,625)	167,072
Inventory in transit	12,396	-	12,396
Construction in progress	93,785	-	93,785
	<u>\$ 277,882</u>	<u>(\$ 4,628)</u>	<u>\$ 273,254</u>

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

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 413,207	\$ 424,831
(Gains) losses on inventory valuation	266	1,220
Others	37,022	44,410
	<u>\$ 450,495</u>	<u>\$ 470,461</u>

Information on inventories-construction in progress pledged to others as collateral is provided Note 8.

(7) Investments accounted for using equity method

A. Details are as follows :

	Year ended December 31	
	2022	2021
ACTION ASIA LTD.(AAL)	\$ 1,216,412	\$ 1,130,069
ALMOND GARDEN CORP.(AGC)	817,073	993,334
FARYEAR CONSTRUCTION CO., LTD. (formerly ‘ ACTION ASIA DEVELOPMENT IND CO., LTD.’)	175,514	187,065
REALISE TECH-SERVICE CO., LTD.	36,959	28,997
	<u>\$ 2,245,958</u>	<u>\$ 2,339,465</u>

B. For the years ended December 31, 2022 and 2021, the share of profit or loss of subsidiaries for using the equity method is as follows:

	Year ended December 31	
	2022	2021
ACTION ASIA LTD.(AAL)	\$ 85,454	\$ 67,715
ALMOND GARDEN CORP.(AGC)	65,868	226,225
FARYEAR CONSTRUCTION CO., LTD. (formerly ‘ ACTION ASIA DEVELOPMENT IND CO., LTD.’)	( 11,551)	( 6,280)
REALISE TECH-SERVICE CO., LTD.	5,375	4,933
	<u>\$ 145,146</u>	<u>\$ 292,593</u>

C. The Company’s share of (loss) profit of investments accounted for using the equity method was recognised based on the associates’ audited financial statements for the same period.

- D. For the years ended December 31, 2022 and 2021, the Company acquired the amount of dividends remitted from foreign subsidiaries of \$294,220 and \$37,466, respectively.
- E. Please refer to Note 4(3) in the 2022 consolidated financial statements for the information regarding the Company's subsidiaries.



(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Total
<u>January 1, 2022</u>						
Cost	\$ 41,945	\$ 38,711	\$ 7,225	\$ 3,334	\$ 2,836	\$ 94,051
Accumulated depreciation	-	( 28,855)	( 4,671)	( 3,121)	( 520)	( 37,167)
	<u>\$ 41,945</u>	<u>\$ 9,856</u>	<u>\$ 2,554</u>	<u>\$ 213</u>	<u>\$ 2,316</u>	<u>\$ 56,884</u>

Year ended December 31, 2022

Opening net book amount as at January 1	\$ 41,945	\$ 9,856	\$ 2,554	\$ 213	\$ 2,316	\$ 56,884
Additions	-	-	-	964	231	1,195
Depreciation charge	-	( 1,576)	( 1,341)	( 302)	( 567)	( 3,786)
Closing net book amount as at December 31	<u>\$ 41,945</u>	<u>\$ 8,280</u>	<u>\$ 1,213</u>	<u>\$ 875</u>	<u>\$ 1,980</u>	<u>\$ 54,293</u>

December 31, 2022

Cost	\$ 41,945	\$ 38,711	\$ 7,225	\$ 4,278	\$ 3,067	\$ 95,226
Accumulated depreciation	-	( 30,431)	( 6,012)	( 3,403)	( 1,087)	( 40,933)
	<u>\$ 41,945</u>	<u>\$ 8,280</u>	<u>\$ 1,213</u>	<u>\$ 875</u>	<u>\$ 1,980</u>	<u>\$ 54,293</u>

	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Total
<u>January 1, 2021</u>						
Cost	\$ 41,945	\$ 39,435	\$ 7,225	\$ 3,414	\$ -	\$ 92,019
Accumulated depreciation	-	( 27,729)	( 3,331)	( 2,967)	-	( 34,027)
	<u>\$ 41,945</u>	<u>\$ 11,706</u>	<u>\$ 3,894</u>	<u>\$ 447</u>	<u>\$ -</u>	<u>\$ 57,992</u>

Year ended December 31, 2021

Opening net book amount as at January 1	\$ 41,945	\$ 11,706	\$ 3,894	\$ 447	\$ -	\$ 57,992
Additions	-	276	-	-	2,836	3,112
Reclassifications	-	( 462)	-	-	-	( 462)
Depreciation charge	-	( 1,664)	( 1,340)	( 234)	( 520)	( 3,758)
Closing net book amount as at December 31	<u>\$ 41,945</u>	<u>\$ 9,856</u>	<u>\$ 2,554</u>	<u>\$ 213</u>	<u>\$ 2,316</u>	<u>\$ 56,884</u>

December 31, 2021

Cost	\$ 41,945	\$ 38,711	\$ 7,225	\$ 3,334	\$ 2,836	\$ 94,051
Accumulated depreciation	-	( 28,855)	( 4,671)	( 3,121)	( 520)	( 37,167)
	<u>\$ 41,945</u>	<u>\$ 9,856</u>	<u>\$ 2,554</u>	<u>\$ 213</u>	<u>\$ 2,316</u>	<u>\$ 56,884</u>

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

(9) Leasing arrangements – lessee

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings and structures	\$ 39,844	\$ 17,638
Transportation equipment	199	994
	<u>\$ 40,043</u>	<u>\$ 18,632</u>
	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings and structures	\$ 10,958	\$ 4,326
Transportation equipment	795	795
	<u>\$ 11,753</u>	<u>\$ 5,121</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$37,554 and \$12,493, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 625	\$ 300
Expense on short-term lease contracts	1,285	485
Expense on leases of low-value assets	215	215
Gain or loss on lease modification	110	-

- F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$13,709 及 \$6,054, respectively.

(10) Leasing arrangements – lessor

- A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 2 and 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be sublet, subleased and used as security, whether in whole or in part, by lessees.

B. For the years ended December 31, 2022 and 2021, the Company recognised rent income in the amounts of \$5,434 and \$5,903, respectively, based on the operating lease agreement.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
1 st year	\$ 2,614	\$ 4,842
2 nd year	<u>1,305</u>	<u>1,396</u>
	<u>\$ 3,919</u>	<u>\$ 6,238</u>

(11) Investment property

	<u>2022</u>			
	<u>Land</u>	<u>Buildings and structures</u>	<u>Investment property under construction</u>	<u>Total</u>
At January 1				
Cost	\$ 83,798	\$ 59,584	\$ 10,262	\$ 153,644
Accumulated depreciation and impairment	-	( 38,558)	-	( 38,558)
	<u>\$ 83,798</u>	<u>\$ 21,026</u>	<u>\$ 10,262</u>	<u>\$ 115,086</u>
Opening net book amount as at January 1	\$ 83,798	\$ 21,026	\$ 10,262	\$ 115,086
Depreciation charge	-	( 1,369)	-	( 1,369)
Closing net book amount as at December 31	<u>\$ 83,798</u>	<u>\$ 19,657</u>	<u>\$ 10,262</u>	<u>\$ 113,717</u>
At December 31				
Cost	\$ 83,798	\$ 59,584	\$ 10,262	\$ 153,644
Accumulated depreciation and impairment	-	( 39,927)	-	( 39,927)
	<u>\$ 83,798</u>	<u>\$ 19,657</u>	<u>\$ 10,262</u>	<u>\$ 113,717</u>

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

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

- A. To active the assets, the Company used its land on No. 239 and 240-1, Zhonggong Sec., Zhongli Dist. and land on No. 241, Zhonggong Sec., Zhongli Dist. held by Youyuanlai Investment Co., Ltd. to jointly build and develop ‘Yisheng Zhihui Science and Technology Park’ and commissioned the subsidiary, Far Year Construction Co., Ltd., to develop and construct as approved by the Board of Directors on June 15, 2020. The Company has reclassified the properties to investment properties using the carrying amounts at the time of change in use.
- B. In the second quarter of 2021, the Company changed its plan regarding the future operating purpose of the ‘Yisheng Zhihui Science and Technology Park’ development project and decided to commission Haiju Development Co., Ltd. by the subsidiary, Far Year Construction CO., Ltd., to sell the properties of this project. In accordance with IAS 40, the Company shall transfer the assets from investment properties to construction in progress (shown as ‘inventories’) when there is a change in use of property.
- C. The Group applied for a change of land planning to increase building bulk, and the application has been approved by the Ministry of Economic Affairs. According to the restrictions on property rights of increased building bulk under the agreement, 28.62% of area A and 21.29% of area B shall be retained and shall not be transferred to others without the consent of the Ministry of Economic Affairs within 5 years. As of December 31, 2022, the value of the retained property calculated \$15,107(Shown as investment property – land) and \$10,262 (Shown as investment property – buildings) and the untained property was \$93,785 (Shown as inventories –

constructoin in progress)

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

	Year ended December 31	
	2022	2021
Rental income from investment property	\$ <u>5,325</u>	\$ <u>5,793</u>
Direct operating expenses arising from the investment property that generated rental income during the year	\$ <u>3,420</u>	\$ <u>4,334</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ <u>1,209</u>	\$ <u>1,553</u>

- E. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was valued based on quoted prices in the neighboring area by real estate agents and actual price registration information posted in the official search system, taking into consideration the carrying amount of right-of-use assets.

The fair value of the investment property as at December 31, 2022 and 2021 was \$472,666 and \$483,653, respectively.

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

(12) Intangible assets

	2022			
	<u>Kolin trademark</u>	<u>Patents</u>	<u>Software</u>	<u>Total</u>
<u>January 1, 2022</u>				
Cost	\$ 289,113	\$ 276	\$ 2,183	\$ 291,572
Accumulated amortisation	( 70,621)	( 276)	( 1,897)	( 72,794)
	<u>\$ 218,492</u>	<u>\$ -</u>	<u>\$ 286</u>	<u>\$ 218,778</u>
<u>2022</u>				
Opening net book amount as at January 1	\$ 218,492	\$ -	\$ 286	\$ 218,778
Additions	492	-	457	949
Amortisation charge	( 5,617)	-	( 287)	( 5,904)
Closing net book amount as at December 31	<u>\$ 213,367</u>	<u>\$ -</u>	<u>\$ 456</u>	<u>\$ 213,823</u>
<u>December 31, 2022</u>				
Cost	\$ 289,123	\$ 276	\$ 2,624	\$ 292,023
Accumulated amortisation	( 75,756)	( 276)	( 2,168)	( 78,200)
	<u>\$ 213,367</u>	<u>\$ -</u>	<u>\$ 456</u>	<u>\$ 213,823</u>

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

Details of amortisation on intangible assets are as follow:

	Year ended December 31	
	<u>2022</u>	<u>2021</u>
General and administrative expenses	<u>\$ 5,904</u>	<u>\$ 5,738</u>

(13) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 30,000	1.93%	None
Secured borrowings	160,000	1.73%~2.08%	Refer to Note 8
	<u>\$ 190,000</u>		
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 40,000	1.30%~1.33%	None
Secured borrowings	272,963	1.22%~1.45%	Refer to Note 8
	<u>\$ 312,963</u>		



(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Borrowing period is from June 2021 to June 2024; interest is repayable monthly; principal is repayable at maturity	2.28%	Refer to Note 8	\$ <u>160,000</u>

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

(15) Other payables

	December 31, 2022	December 31, 2021
Other payables — related parties	\$ 33,389	\$ 29,947
Employee bonus payable	11,261	12,653
freight payable	7,887	10,228
Wages and salaries and bonuses payable	5,433	8,216
income tax payable	5,229	-
Directors' and supervisors' remuneration payable	4,018	10,052
Service expenses payable	3,925	4,537
Others	9,692	12,067
	<u>\$ 80,834</u>	<u>\$ 87,700</u>

Other payables — related parties are provided in Note 7.

(16) Provisions

	Warranty	
	2022	2021
At January 1	\$ 176	\$ 913
Additional provisions	3,324	2,599
Used during the year	( 2,895)	( 3,336)
At December 31	<u>\$ 605</u>	<u>\$ 176</u>

Analysis of total provisions:

	December 31, 2022	December 31, 2021
Current	\$ 468	\$ -
Non-current	\$ 137	\$ 176

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

(17) Pension

A. Defined benefit plans

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

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	(\$ 11,841)	(\$ 15,746)
Fair value of plan assets	8,036	11,344
Net defined benefit liability	(\$ 3,805)	(\$ 4,402)
(shown as other non-current liabilities)		

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

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 15,746)	\$ 11,344	(\$ 4,402)
Current service cost	-	68	68
Interest (expense) income	( 95)	-	( 95)
	( 15,841)	11,412	( 4,429)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	864	864
Change in financial assumptions	336	-	336
Experience adjustments	( 605)	-	( 605)
	( 269)	864	595
Pension fund contribution	-	29	29
Paid pension	4,269	( 4,269)	-
	4,269	( 4,240)	29
At December 31	(\$ 11,841)	\$ 8,036	(\$ 3,805)
	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 15,863)	\$ 11,083	(\$ 4,780)
Current service cost	( 45)	-	( 45)
Interest (expense) income	( 48)	33	( 15)
	( 15,956)	11,116	( 4,840)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	168	168
Change in financial assumptions	269	-	269
Experience adjustments	( 59)	-	( 59)
	210	168	378
Pension fund contribution	-	60	60
At December 31	(\$ 15,746)	\$ 11,344	(\$ 4,402)

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

	Year ended December 31	
	2022	2021
Discount rate	1.2%	0.6%
Future salary increases	1.5%	1.5%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 134)	\$ 137	\$ 113	(\$ 111)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 218)	\$ 224	\$ 182	(\$ 179)

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$29.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 5 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	3,910
1 ~ 2 year(s)		1,180
2 ~ 5 years		2,325
Over 5 years		3,369
	\$	<u>10,784</u>

#### B. Defined contribution plans

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

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were \$2,753 and \$2,364, respectively.

#### (18) Share capital

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

#### (19) Capital surplus

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

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

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

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After setting aside or reversing a special reserve in accordance with the laws and requirements by competent authority, the appropriation of the remaining earnings, along with the unappropriated earnings, shall be proposed by the Board of Directors and resolved at the shareholders' meeting as dividends to shareholders.
- B. In accordance with the Company's dividend policy in the Articles of Incorporation, dividends are distributed by taking into consideration the Company's operational needs and shareholders' maximum interests, future capital expenditures and capital needs. Cash dividends shall account for at least 30% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2021 and 2020 earnings as resolved at the shareholders' meetings on June 24, 2022 and August 5, 2021, respectively, are as follows:

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

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

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

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

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

(21) Other equity items

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

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

(22) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers		
Sales of goods	\$ 528,958	\$ 541,121
Other operating revenue	27,025	30,417
	<u>\$ 555,983</u>	<u>\$ 571,538</u>

The Company derives revenue from the transfer of goods and services over time and at a point in time:

	Year ended December 31	
	2022	2021
Timing of revenue recognition		
At a point in time	554,318	570,122
Over time	1,665	1,415
	<u>\$ 555,983</u>	<u>\$ 571,537</u>

Contract liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2022
Contract liabilities:			
Sales of goods	<u>\$ 3,025</u>	<u>\$ 3,843</u>	<u>\$ 2,972</u>

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Sales of goods	<u>\$ 3,473</u>	<u>\$ 2,903</u>

(23) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 1,827	\$ 142
Other interest income	12	12
	<u>\$ 1,839</u>	<u>\$ 154</u>



(24) Other income

	Year ended December 31	
	2022	2021
Rental income	\$ 5,434	\$ 5,903
Dividend income	6,423	5,929
Income from managerial services	6,312	5,363
Other income	4,168	2,124
	<u>\$ 22,337</u>	<u>\$ 19,319</u>

(25) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposals of property, plant and equipment	\$ 110	\$ -
Net currency exchange gains(losses)	8,512	( 58)
Gains on change in value of financial assets at fair value through profit or loss	( 830)	4
Others	( 773)	( 2,002)
	<u>\$ 7,019</u>	<u>(\$ 2,056)</u>

(26) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on bank borrowings	\$ 7,076	\$ 6,136
Interest expense on loans from subsidiaries	612	476
Interest expense on lease liabilities	625	300
Other financial expenses	-	60
	<u>\$ 8,313</u>	<u>\$ 6,972</u>

(27) Employee benefits, depreciation and amortisation expenses

	Year ended December 31	
	2022	2021
Employee benefit expense		
Wages and salaries	\$ 49,452	\$ 61,264
Labour and health insurance fees	5,663	5,041
Pension costs	2,780	2,424
Director's remuneration	4,688	11,302
Other employee benefit expense	3,686	3,329
Subtotal	<u>\$ 66,269</u>	<u>\$ 83,360</u>
Depreciation charge	<u>\$ 16,908</u>	<u>\$ 10,486</u>
Amortisation charge	<u>\$ 8,198</u>	<u>\$ 6,595</u>

For the years ended December 31, 2022 and 2021, the Company had an average of 79 and 64 employees, which included 6 non-employee directors for both years, respectively.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of

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

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

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

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

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

(28) Income tax

A. Income tax expenses

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Prior year income tax under estimation	\$ 1	\$ 92
Tax on undistributed surplus earnings	5,392	-
Deferred tax:		
Origination and reversal of temporary differences	(12,576)	20,048
Income tax expenses	(\$ 7,183)	\$ 20,140

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

	Year ended December 31	
	2022	2021
Currency translation differences	\$ 9,442	(\$ 12,173)
Remeasurements of defined benefit obligations	119	76
	<u>\$ 9,561</u>	<u>(\$ 12,097)</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 16,918	\$ 45,736
Expenses disallowed by tax regulation	867	7,151
Tax exempt income by tax regulation	( 29,756)	-
Temporary differences not recognised as deferred tax assets	1,179	-
Tax losses not recognised as deferred tax assets	-	5,833
Change in assessment of realisation of deferred tax assets	( 1,784)	( 38,672)
Prior year income tax (over) under estimation	1	92
Tax on undistributed surplus earnings	<u>5,392</u>	<u>-</u>
Income tax expenses	<u>(\$ 7,183)</u>	<u>\$ 20,140</u>

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

2022				
	January 1	Recognised in		December 31
		Recognised in profit or loss	other comprehensive income	
Deferred tax assets:				
-Temporary differences:				
Remeasurements of defined benefit plans	\$ 382	\$ -	(\$ 119)	\$ 263
Currency translation differences	75,482	-	( 9,442)	66,040
Loss carryforward	60,516	( 45,658)	-	14,858
Unrealized after-sales service	-	27	-	27
Subtotal	<u>\$ 136,380</u>	<u>(\$ 45,631)</u>	<u>(\$ 9,561)</u>	<u>\$ 81,188</u>
-Deferred tax liabilities:				
Unrealised exchange gain	(\$ 181)	(\$ 638)	\$ -	(\$ 819)
Reserve for land value increment tax	( 25,517)	-	-	( 25,517)
Gain on long-term equity investments	( 80,383)	58,844	-	( 21,539)
Subtotal	<u>(\$ 106,081)</u>	<u>\$ 58,206</u>	<u>\$ -</u>	<u>(\$ 47,875)</u>
Total	<u>\$ 30,299</u>	<u>\$ 12,575</u>	<u>(\$ 9,561)</u>	<u>\$ 33,313</u>

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

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

December 31, 2022					
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry date	
2014	\$ 464,643	\$ 168,208	\$ 168,208	2024	
2015	14,352	11,952	11,952	2025	
2017	121,674	120,090	84,452	2027	
2018	41,029	38,029	-	2028	
2019	4,168	343	-	2029	
2021	26,175	20,246	20,246	2031	
	<u>\$ 672,041</u>	<u>\$ 358,868</u>	<u>\$ 284,858</u>		

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

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

	December 31, 2022	December 31, 2021
Deductible temporary difference	<u>\$ 125,861</u>	<u>\$ 122,352</u>

F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 91,774	277,158	\$ 0.33
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 91,774	\$ 277,158	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	347	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 91,774	277,505	\$ 0.33
	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 208,540	277,158	\$ 0.75
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 208,540	\$ 277,158	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	897	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 208,540	278,055	\$ 0.75

(30) Changes in liabilities from financing activities

	2022				
	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Liabilities from financing activities -gross
At January 1	\$ 312,963	\$ 160,000	\$ 1,225	\$ 18,846	\$ 493,034
Changes in cash flow from financing activities	( 122,963)	-	( 295)	( 11,584)	( 134,842)
Changes in lease liabilities	-	-	-	37,554	37,554
At December 31	<u>\$ 190,000</u>	<u>\$ 160,000</u>	<u>\$ 930</u>	<u>\$ 44,816</u>	<u>\$ 395,746</u>

  

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

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ALMOND GARDEN CORP.(AGC)	Subsidiaries
REALISE TECH-SERVICE CO., LTD.(RLS)	Subsidiaries
FARYEAR CONSTRUCTION CO., LTD (AFY) (formerly ‘ACTION ASIA DEVELOPMENT IND CO., LTD.’)	Subsidiaries (Note 1)
ACTION INDUSTRIES(M) SDN. BHD.(AMP)	Subsidiaries
ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	Subsidiaries
ACTION TECHNOLOGY (JIAN) CO., LTD. (ATJ)	Subsidiaries (Note 2)
YOU YUAN LAI INVESTMENT LTD. (YOU YUAN LAI)	Other related party
BEST DENKI LTD. (BEST)	Other related party (Note 3)

Note 1 : ACTION ASIA DEVELOPMENT IND CO., LTD.. was renamed as Far Year Construction Co., Ltd. starting from the third quarter of 2021.

Note 2 : On March 29, 2021, the Company’s Board of Directors resolved to dispose a 100% equity interest of the subsidiary, Action Technology (Jian) Co., Ltd., which was held by the subsidiary, Almond Garden Corp. (AGC), and the effective date for the disposal was set on

June 2, 2021.

Note 3 : On December 7, 2017, the Board of Directors of BEST DENKI LTD. passed a dissolution resolution. On December 25, 2017, the shareholders at their extraordinary general meeting approved to set the date of dissolution on December 31, 2017. As of the report date, the liquidation was still in progress.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Subsidiaries	\$ 16,805	\$ 15,103

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

B. Purchases

	Year ended December 31	
	2022	2021
Subsidiaries	\$ 14,136	\$ 12,818

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

C. Income from managerial services (shown as other income)

	Year ended December 31	
	2022	2021
Subsidiaries		
-AFY	\$ 4,482	\$ 3,592
-Others	1,830	1,771
	\$ 6,312	\$ 5,363

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

D. Receivables from related parties



	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Subsidiaries	\$ 362	\$ 1,006
Other related parties	<u>4,691</u>	<u>4,691</u>
	5,053	5,697
Less: Loss allowance	( <u>4,691</u> )	( <u>4,691</u> )
	<u>\$ 362</u>	<u>\$ 1,006</u>
Other receivables:		
Other related parties		
-BEST	\$ 93,325	\$ 93,353
Subsidiaries		
-AFY	1,448	9,444
-Others	<u>11</u>	<u>1,921</u>
	94,784	104,718
Less: Loss allowance	( <u>74,469</u> )	( <u>74,469</u> )
	<u>\$ 20,315</u>	<u>\$ 30,249</u>

The above-mentioned receivables from related parties on December 31, 2022 and 2021 are mainly due to capital reduction, advances and management service income of subsidiaries.

#### E. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Subsidiaries	<u>\$ 1,448</u>	<u>\$ 1,122</u>
Other payables:		
Subsidiaries	<u>\$ 2,607</u>	<u>\$ 2,225</u>

The above-mentioned amounts due to related parties on December 31, 2022 and 2021 are mainly due to after-sales service fees and advances.

#### F. Lease transactions — lessee

(a) The Company leases buildings from the Company's related parties. The lease term was 2~5 years, and rent was paid monthly.

(b) Rental expenses

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	<u>\$ 314</u>	<u>\$ 314</u>

(c) Lease liabilities

i. Ending balance :

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	<u>\$ 424</u>	<u>\$ 730</u>

ii. Interest expense :

	Year ended December 31	
	2022	2021
Subsidiaries	\$ 9	\$ 11

G. Loans to /from related parties:

Loans from related parties:

(a) Ending Balance (shown as other payables-related parties) :

	Year ended December 31	
	2022	2021
Subsidiaries		
-AMP	\$ 30,782	\$ 27,722

(b) Interest expense

	Year ended December 31	
	2022	2021
Subsidiaries		
-AMP	\$ 612	\$ 476

Borrowings from subsidiaries are subject to repayment upon maturity, and interest in 2022 and 2021 will be charged at annual interest rate range of 1.7% to 2.5% and at an annual interest rate of 1.7%.

H. Endorsements and guarantees provided to related parties:

A. Ending balance

	December 31, 2022	December 31, 2021
- Subsidiaries		
-AFY	\$ 2,200,000	\$ 1,000,000
-AAS	-	45,000
	\$ 2,200,000	\$ 1,045,000

B. Endorsement Guaranteed Income (shown as other income)

	December 31, 2022	December 31, 2021
Subsidiaries		
-AFY	\$ 1,926	\$ 617
-AAS	\$ 100	\$ 20
	\$ 2,026	\$ 637

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

I. Other:

	December 31, 2022	December 31, 2021
Other related party -YOU YUAN LAI	\$ 50,000	\$ 50,000

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

(3) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	\$ 22,467	\$ 23,587

8. Pledged Assets

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

Pledged assets	Book value		Purpose
	December 31, 2022	December 31, 2021	
Property, plant and equipment - land and buildings	44,091	44,929	Bank borrowings
Investment property - land and buildings	89,091	89,993	Bank borrowings
Inventories - construction in progress	55,847	55,847	Bank borrowings
	\$ 189,029	\$ 190,769	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) As of December 31, 2022 and 2021, the guarantee notes issued by the Company for unsecured loan facilities amounted to \$1,642,300 and \$1,656,000, respectively.
- (2) As of December 31, 2022 and 2021, the outstanding usance letters of credit issued by the Company for purchasing goods and raw materials amounted to \$26,301 and \$53,339, respectively.
- (3) The Company used its land on No. 239 and 240-1, Zhonggong Sec., Zhongli Dist. and land on No. 241, Zhonggong Sec., Zhongli Dist. held by Youyuanlai Investment Co., Ltd. to jointly build and develop 'Yisheng Zhihui Science and Technology Park', which the Company's subsidiary, FAR YEAR CONSTRUCTION CO., LTD. , was entrusted to carry out the development and construction matters. After the completion of the construction, the two parties could choose the floors based on mutual agreement. The construction expenses and costs starting from the construction to the obtainment of use permit, as well as the marketing or other costs of this development case shall be borne by FAR YEAR CONSTRUCTION CO., LTD.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (a) Details of the appropriation of 2022 earnings as proposed by the Board of Directors on March 14, 2023 are provided in Note 6(20)
- (b) On March 14, 2023, the Board of Directors resolved to meet the short-term working capital needs of the subsidiary, FAR YEAR CONSTRUCTION CO., LTD., by granting the revolving loans amounting to \$200,000.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the

Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 4,004
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 111,765	\$ 166,166
Financial assets at amortised cost	\$ 259,531	\$ 244,219
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 474,225	\$ 612,383
Lease liability (Including current and non-current)	\$ 40,316	\$ 18,846

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

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from

the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

- ii. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: MYR and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign Currency		Book value (NTD)
	Amount (In thousands)	Exchange Rate	
(Foreign currency:functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 4,361	30.71	\$ 133,926
EUR:NTD	37	32.72	1,211
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,756	30.71	\$ 53,927

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

- iv. Total exchange (loss) gain, including realised and unrealised, arising from significant

foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to a loss of \$8,512 and \$58, respectively.

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

December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,339	\$ -
EUR:NTD	1%	12	
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 539	\$ -
December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 786	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,065	\$ -

#### Price risk

- The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the

change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% or liquidity discount rate had changes by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$0 and \$40, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,118 and \$1,662, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Company's borrowings are floating-rate debts, which expose the Company to cash flow interest rate risk. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,800 and \$3,784, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is

low.

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

	Individual	Not past due	Up to 30 days past due	31-90 days past due	91-180 days past due	Total
<u>December 31, 2022</u>						
Rate of expected credit loss	100.00%	0.06%	0.07%	0.08%	0.08%	
Carrying amounts	\$ 4,691	\$ 54,292	\$ -	\$ -	\$ -	\$ 58,983
Loss allowance	\$ 4,691	\$ 12	\$ -	\$ -	\$ -	\$ 4,703
<u>December 31, 2021</u>						
Rate of expected credit loss	100.00%	0.06%	0.07%	0.08%	0.08%	
Carrying amounts	\$ 4,691	\$ 87,623	\$ -	\$ -	\$ -	\$ 92,314
Loss allowance	\$ 4,691	\$ 93	\$ -	\$ -	\$ -	\$ 4,784

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

	<u>2022</u>
	<u>Receivables</u>
At January 1	\$ 4,784
Gains on reversal of credit impairment	( 81)
At December 31	<u>\$ 4,703</u>
	<u>2021</u>
	<u>Receivables</u>
At January 1	\$ 4,785
Gains on reversal of credit impairment	( 1)
At December 31	<u>\$ 4,784</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient



head-room as determined by the above-mentioned forecasts.

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

Non-derivative financial liabilities:

December 31, 2022	Within 1 year	Over 1 year
Short-term borrowings	\$ 190,000	\$ -
Accounts payable	42,461	-
Other payables	80,834	-
Long-term borrowings	-	160,000
Lease liabilities	11,680	29,751
Guarantee deposits received	-	930

Non-derivative financial liabilities:

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

- B. Financial instruments not measured at fair value

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

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

- (a) The company is classified based on the nature, characteristics and risks of the assets and the basic level of fair value. The relevant information is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	<u>\$ 111,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,765</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 4,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,004</u>
Financial assets at fair value through other comprehensive income	<u>\$ 166,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,166</u>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

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

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

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

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

### 13. Supplementary Disclosures

#### (1) Significant transactions information

Information on significant transactions as of and for the year ended December 31, 2022 in conformity with the Rules Governing the Preparation of Financial Statements by Securities Issuers is as follows. In addition, inter-company transactions between companies were eliminated. The following disclosures are for reference only:

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

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

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

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

- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

Not applicable.

Action Electronics Co., Ltd. and its subsidiaries

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31,	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
1	ACTION INDUSTRIES (M) SDN. BHD.	ACTION ELECTRONICS CO., LTD.	Other receivables - related parties	Yes	\$ 32,215	\$ 30,710	\$ 30,710	2.5%	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, 2021

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Notes 3 and 8)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Notes 3 and 8)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	ACTION ELECTRONICS CO., LTD.	FAR YEAR CONSTRUCTION CO., LTD.	2	\$ 2,830,241	\$ 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 TECHNOLOGY (SHENZHEN) CO., LTD.	6	774,390	324,432	317,376	317,376	312,768	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 endorsements/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 endorsements/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, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

		As of December 31, 2021						
Securities held by	Marketable securities ( Note 1 )	Relationship with the securities issuer ( Note 2 )	General ledger account	Number of shares (in thousands)	Book value ( Note 3 )	Ownership (%)	Fair value	Footnote ( Note 4 )
ACTION ELECTRONICS CO., LTD.	Ordinary stocks of Clientron Corp.	-	Financial assets at fair value through other comprehensive income - current	4,941	\$ 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: As of December 31, 2022, the Company held 9,746,161.2307 thousand shares.

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, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

							Different situations and reasons of Trading Conditions and General Trading				
			Transaction			( Note 1 )		General ledger account		Footnote	
Company name	Counterparty	Relationship	purchase or sale	Percentage of total		credit period	Price	credit period	Percentage of		
				Amount	purchase or total				Balance	total notes	
ACTION ASIA (SHENZHEN) CO., LTD. and its subsidiaries	ACTION INDUSTRIES(M) SDN. BHD.	sister company	Sales	<u>\$ 384,376</u>	30%	T/T 60 days after receipt of goods	Sales price depends on both parties agreed price	T/T 60 days after receipt of goods	<u>\$ 35,173</u>	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, 2021

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, and the opposite sides are not disclosed.



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

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee ( Notes 1 and 2 )	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Ownership			( Note 2(2) )	( Note 2(3) )	
						Number of shares	(%)	Book value			
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, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Action Electronics Co., Ltd. and its subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2021

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 remitted from Taiwan		Accumulated	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income	Book value of investments in Mainland China as of December 31, 2021	Accumulated	Footnote
				amount of	to Mainland China/	amount	(loss) recognised			amount			
				remittance from	Amount remitted back	of remittance	by the Company			of investment			
				Taiwan to	to Taiwan for the year	from Taiwan to				for the		income	
				Mainland China	ended December 31, 2021	Mainland China				year ended		remitted back to	
				as of January 1,	Remitted to	Remitted back	as of			December 31, 2021		Taiwan as of	
				2021	China	to Taiwan	December 31, 2021			(Note 2 )		December 31, 2021	
ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD. DONGGUAN JINGWAN PHOTOELECTRICITY 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
	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.	339,959	-	( 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 TECHNOLOGY (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, 2021

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, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ACTION ELECTRONICS CO., LTD.	\$ 1,269,703	\$ 1,956,134	Notes 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, 2021

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".

ACTION ELECTRONICS CO., LTD.  
CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2022

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

Statement 1 Item	Description	Exchange Rate	Amount
Cash on hand and revolving funds			
	- NTD		\$ 455
	- Foreign currency deposits - RMB \$71	4.41	-
			<u>455</u>
Checking accounts and Demand deposits			
	- NTD		45,306
	- Foreign currency deposits - USD \$1,961,089	30.71	60,225
	- EUR \$36,799	32.72	1,204
			<u>106,735</u>
Time deposits			
	- Foreign currency deposits - USD \$2,400,000	30.71	73,704
			<u>180,439</u>
			<u>\$ 180,894</u>

Note: Time deposits disclosed above expire within one year with 4% of the interest rate.

ACTION ELECTRONICS CO., LTD.  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
DECEMBER 31, 2022

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

Statement 2

Name of Financial	Description	Shares in thousands	Face value		Total amount	Interest Rate	Cost	Accumulated impairment	Fair value		Note
									Unit price	Total amount	
Ordinary stocks of Clientron Corp.		4,941	\$	-	\$ -		<u>\$ 63,943</u>	None	<u>\$ 23</u>	<u>\$ 111,765</u>	

ACTION ELECTRONICS CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2022

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

Statement 3

Item	Amount		Note
	Cost	Net Realizable Value	
Finished goods	\$ 4	\$ 1	Measured at net realizable value
Merchandise	171,697	167,072	Measured at net realizable value
Inventory in transit	12,396	12,396	Measured at net realizable value
Construction in progress	93,785	93,785	Note
	<u>277,882</u>	<u>\$ 273,254</u>	
Less : Allowance for valuation loss	( 4,628)		
	<u>\$ 273,254</u>		

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

ACTION ELECTRONICS CO., LTD.  
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name	Beginning Balance		Investment income (loss)	Exchange differences on translation of foreign financial	Decrease		Other (Note 2)	Ending Balance		
	Shares	Amount			Shares	Amount (Note 1)		Shares	Percentage of Ownership	Amount
ACTION ASIA LTD.(AAL)	149,511,976	\$1,130,069	\$ 85,454	\$ 22,793	-	(\$ 25,454)	\$ 3,550	149,511,976	61.50%	\$1,216,412
ALMOND GARDEN CORP.(AGC)	14,500,000	993,334	65,868	24,418	-	( 268,766)	2,219	14,500,000	100%	817,073
FAR YEAR CONSTRUCTION CO., LTD. (formerly 'ACTION ASIA DEVELOPMENT IND CO., LTD.')	20,000,000	187,065	( 11,551)	-	-	-	-	20,000,000	100%	175,514
REALISE TECHSERVICE CO., LTD.	6,000,000	28,997	5,375	-	-	-	2,587	6,000,000	100%	36,959
		<u>\$2,339,465</u>	<u>\$145,146</u>	<u>\$ 47,211</u>		<u>(\$ 294,220)</u>	<u>\$ 8,356</u>			<u>\$2,245,958</u>

Note 1: Decrease for the year pertains to the receipt of cash dividends.

Note 2: Others pertain to remeasurements of defined benefit plans of the subsidiaries accounted for using the equity method of \$2,337 and employees' compensation distributed to subsidiaries by the parent company of \$6,019.



ACTION ELECTRONICS CO., LTD.  
STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2022

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

Statement 5

Nature	Description	Ending Balance	Contract Period	Range of Interest		Credit Line	Collateral
				Rate			
Unsecured borrowings	Taiwan Cooperative Financial Holding	\$ 30,000	2022/12/21~2023/03/21	1.93%		\$ 50,000	None
Secured borrowings	First Commercial Bank	80,000	2022/11/05~2023/02/13	1.73%~1.85%		300,000	Yes
Secured borrowings	Hua Nan Bank	60,000	2022/10/19~2023/04/19	1.98%		100,000	Yes
Secured borrowings	Chang Hwa Commercial Bank, Ltd.	20,000	2022/11/30~2023/05/30	2.08%		280,000	Yes
		<u>\$ 190,000</u>					

ACTION ELECTRONICS CO., LTD.  
STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2022

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

Statement 6

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>Note</u>
First Commercial Bank	Medium and long-term borrowings	<u>\$ 160,000</u>	2021/06/24~2024/06/24	2.28%	Collateral	Refer to Note 8

ACTION ELECTRONICS CO., LTD.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Statement 7

Item	Volume	Amount	Note
Air conditioner	24,189 units	\$ 256,320	
Washing Machine and dryer	17,442 units	117,840	
Television	13,598 units	100,490	
Freezer and refrigerator	9,285 units	79,315	
Small appliances	26,105 units	27,080	
Kitchen appliances	11,041 units	11,954	
Others		4,583	
		<u>597,582</u>	
Less: Sales returns		( 5,021)	
Less: Sales discounts and allowances		( 63,603)	
		<u>( 68,624)</u>	
Net operating revenue		528,958	
Other operating revenue		27,025	
		<u>\$ 555,983</u>	

ACTION ELECTRONICS CO., LTD.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Statement 8

Item	Amount
Beginning raw materials	\$ -
Add: Raw materials purchased	4,317
Less: Ending raw materials	-
Cost of raw material sold	4,317
Beginning merchandise	185,531
Add: Net purchase for the year	422,217
Less: Ending merchandise	( 184,092)
Transferred to expenses	( 14,768)
Others	( 11)
Cost of merchandise sales	408,877
Beginning finished goods	13
Add: Net purchase for the year	4
Less: Ending finished goods	( 4)
Cost of goods sold from manufacturing	13
Cost of goods sold	413,207
Loss on inventory valuation	266
Other operating costs	37,022
	\$ 450,495

ACTION ELECTRONICS CO., LTD.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Statement 9

Item	Description	Amount	Note
Wages and salaries		\$ 23,466	
Advertisement expense		27,130	
Freight		20,114	
Rent expense		11,493	
Depreciation expense		8,353	
Service expense		6,207	
Other expenses		17,734	None of the balances of each remaining item is greater than 5% of this account balance
		<u>\$ 114,497</u>	

ACTION ELECTRONICS CO., LTD.  
STATEMENT OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Statement 10

Item	Description	Amount	Note
Wages and salaries		\$ 28,017	
Depreciation expenses		7,212	
Service expenses		10,961	
Amortization expenses		6,833	
Other expenses		21,486	None of the balances of each remaining item is greater than 5% of this account balance
		<u>\$ 74,509</u>	

ACTION ELECTRONICS CO., LTD.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY  
FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Function Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ -	\$ 49,452	\$ 49,452	\$ 5	\$ 61,259	\$ 61,264
Labour and health insurance fees	-	5,663	5,663	-	5,041	5,041
Pension costs	-	2,780	2,780	-	2,424	2,424
Directors' remuneration	-	4,688	4,688	-	11,302	11,302
Other personnel expenses	3	3,683	3,686	3	3,326	3,329
Depreciation Expense	1,344	15,564	16,908	1,344	9,142	10,486
Amortisation Expense	-	8,198	8,198	-	6,595	6,595

Note:

1. As at December 31, 2022 and 2021, the Company had 79 and 64 employees, including both 6 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
  - (1) Average employee benefit expense in current year 844 (in dollars).  
Average employee benefit expense in previous year 1,242 (in dollars).
  - (2) Average employees salaries in current year 613 (in dollars).  
Average employees salaries in previous year 861 (in dollars).
  - (3) Adjustments of average employees salaries -29%.
  - (4) The Company has established an audit committee in lieu of a supervisor and there is not applicable to disclosure the information of supervisors' remuneration.

ACTION ELECTRONICS CO., LTD.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY  
FUNCTION (Cont.)  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

(5) The Company's compensation policies:

- A. Directors: The remuneration of the directors of the company is handled in accordance with rules and regulations of the company, to authorize the board of directors to determine salary and remunerations according to their degree of participation and value of contribution in the operation of the company, based upon the domestic and overseas industry standards.
- B. Managers: The amount of remuneration awarded to the managers of the company is reviewed by the remuneration committee and submitted to the board of directors for resolution based on their positions, contributions, and company operating performance for the year.
- C. Staff: The company's employee salary and remuneration policy is to provide employees with average salary and benefits. Based on the company's operating performance and each employee's position, contribution, and performance to determine the year-end bonus and related remuneration, the amount and distribution method are recommended by the remuneration committee and approved by to the board of directors.