

Action Electronics Co., LTD.

2021 Annual Report

Notice to readers

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

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

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

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I 、 Letter to Shareholders:

2021 Annual Group Business Report

Dear Shareholders:

Review for 2021, despite the adverse factors such as covid-19 epidemic and port congestion, the Company's revenue in 2021 still increased by 20% compared with that in 2020. Among them, the domestic demand market for home appliances is slightly declining due to the impact of climate and port congestion. In addition, in terms of automotive electronics, although there are adverse factors such as lack of materials and labors on the production side, with the gradual opening of the European and American market and the unremitting efforts of the team, the orders of major customers have gradually picked up. In terms of asset activation, Shanghai logistics warehousing continued to grow steadily, with a rental rate of more than 90%. Action Intelligent Science and Technology Park is also carried out according to the goal, combined with wisdom and green buildings, and towards to establish the benchmark building of Chongli Industrial Park.

Smart home appliances, ESG and digital transformation are the most important trends in future development. Building energy-efficient, intelligent, and healthier products to provide consumers with more convenient products and experiences is the direction of our continuous efforts. In order to enhance its competitive advantage, Action Electric has invested a lot of resources to "upgraded" home appliances. Users can easily remotely control them through APPs such as mobile phones and tablets, and strive to provide consumers with a more convenient life. In addition, the research and development of automotive audio-visual systems and the activation of land assets have been strengthened, so that the Company can still grow steadily and positively in the face of the changeable external environment, with a view to returning the support of shareholders. The management results of 2020, and prospects of 2021 are reported, as follows:

1-1、 2021 Group Business Report

1. The consolidated net operating revenues of the company in 2021 was NT\$1,535,992 thousand, higher than that NT\$1,280,877 thousand in 2020. The consolidated operating net profit was NT\$15,342 thousand, and net profit after tax was NT\$209,601 thousand.

Consolidated P&L Statement for 2021

Unit: In NTD Thousand

Item	2021	2020
Operating revenues	1,535,992	1,280,877
Operating costs	1,191,520	980,541
Gross profit	344,472	300,336
Operating expenses	329,130	256,275
Net operating income (loss)	15,342	44,061
Income before tax	59,217	73,981
Income after tax	209,601	43,498
Net income attributable to shareholders of the parent	208,540	46,096

2. Financial Structure Ratio Analysis

項 目		2021	2020
Capital Structure Analysis(%)	Debt Ratio (%)	34.98%	29.53%
	Long-term funds to Fixed Assets(%)	2,073.77%	1,593.65%
Liquidity Analysis	Current Ratio (%)	224.11%	157.33%
	Quick Ratio (%)	145.01%	116.22%
	Interest Coverage (times)	7.80	8.06
Return on Investment Analysis (%)	Return on Total Assets (%)	5.37%	1.39%
	Return on Total Equity (%)	7.69%	1.65%
	Operating profit to capital (%)	0.55%	1.59%
	Net profit before tax to capital (%)	2.14%	2.67%
	Net Profit to Sales (%)	13.65%	3.40%
	EPS	0.75 元	0.17 元

1-2、 2022 Business Plan

1. Strategic guidelines and business strategies:

- (1) Profitability: improve and create. Evaluate nine index of operating performance on a monthly basis to achieve the target of return on capital and the four-satisfying missions.
- (2) Structure adjustment: emphasis on “professional, simple, and profitable” and build up core competitiveness. Integrate group resources and provide priority to those with SMART strategy.
- (3) Activation of assets: the integration of existing tangible (intangible) assets, Cooperative development, creating value, and sharing benefits.
- (4) Stock price rationalization: starting from the fundamentals, make the stock price at least reach the net value per share, and benefit the interests of shareholders.

2. Products and business: The main business of the Company and its subsidiaries are the sales, maintenance, installation and service of electrical home appliances, warehousing, logistic services, manufacturing, processing, and trading of automotive electronic products.

The operation is divided into three business systems:

- (1) Automotive electronics manufacturing business system: R & D, production, manufacturing and sales of automotive audio-visual entertainment products (such as on-board combined central control instrument and on-board central control multimedia combined instrument). In addition to continuously improving our R&D capabilities and new product development, we are also working to deepen long-term relationships with existing customers to increase orders.

(2) Brand management and service business system: continue to take "Discover the beauty of Taiwan with your heart" as the main theme, improve brand marketing power and trust, and continue to develop AI intelligent home appliances, such as voice controlled home appliances. Strengthen the satisfaction of after-sales service and logistics distribution to provide consumers with better consumption experience in quality and service.

(3) Asset activation business system: dispose of the equity of Jiangxi Ji'an Action Technology Co. Ltd. in 2021 to inject certain profits into the parent company.

In addition, in order to provide international storage equipment and high-quality environment, the Shanghai subsidiary can create stable profits for the group every year with a high rental rate. It is expected that overseas Taiwanese businessmen will continue to return. The former site of Action Group headquarters plans to build two new factory-office buildings. Currently, they are all carried out as planned, which can be expected for the growth momentum of operation in the future.

1-3、The influence of external competition, regulatory environment and overall business environment

1. For the rapid changes in the external environment, despite the impact of the Sino-US trade war and Covid-19 epidemic, the Company still adheres to the business strategy of "professional, simple, and profitable", concentrates on the core business development, strives to flatten the organization to quickly respond the market change and close to market demand. The Company will use "specialized" and "simplified" to concentrate resources in a favorable market, create values, and pursue profits.

2. Regulatory environment: In view of the continuous development of the Sino-US trade war, the demand for investment from returned Taiwanese business has increased dramatically. In line with government's industrial policy of renewal industrial zone toward three-dimensional development, the Company sets up the Action Intelligent Science and Technology Park, which will become a demonstration for the transformation and landmark of the Zhongli Industrial Zone?

It will also strengthen the deepening of environmental protection, social responsibility and corporate governance.

1-4、Overall business environment:

(1) Despite the impact of the epidemic and inflation, the Company has decentralized its production base and is actively improving its domestic demand channels. Despite the unfavorable factors, the Company will continue to promote digital transformation and deepen customer relationships in order to create good results.

(2) Home appliance industry under the brand Kolin, automotive electronics, and activated assets have become the three major operating focuses for the Company. For the home appliance, we continue to provide consumers with a simple, easy-to-use products and happy life. For automotive electronics, the Company has built up extensive OEM experience with major international factories and already set up a production base in Malaysia. Moreover, the Company's products have niche of a long product cycle. Under the Sino-US trade war, it has become a competitive advantage.

(3) For the asset activation, the Company has established modern warehousing services in Shanghai. In Shenzhen, the Company owned land located in the Greater Bay Area where the airport located. For the Zhongli area where headquarters located, it will be developed into the Action Intelligent Science and Technology Park.

President: Manager: Chief Accountant:

II 、 Company Profile

2-1 、 An Introduction to the Company

(1) Date of Establishment : July 21, 1976

Address&Telephone of Headquarter

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

Telephone : (03)451-5494

(2) Company History

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

1977: The shareholders' meeting approved an increase in capital to NT\$5 million.

The company's spirit is promulgated as: sincerity, harmony, aggressive, action, and innovation.

1978: Purchased the Taipei office, located in Huibao Building, Section 1, Keelung Road.

Increased capital to NT\$7.5 million.

1979: The first factory (the film and television factory) was established, with an area of 1009 square meters.

The shareholders' meeting approved a capital increase of NT\$4.5 million, and the capital amounted to NT\$12 million.

1980: The capital increase reached NT\$18 million.

The bonded factory was approved for establishment in December and took over at the end of the year.

1981: The capital increased to NT\$28 million.

Develop a portable audio device, and make the product level enter another field.

1982: The capital increased to NT\$45 million.

Purchased 2 units of automatic board plug-in machines is the beginning of automation.

Accepting Telefunken's commission to produce high-end audio products to enhance the company's quality image.

1983: Developed multifunctional wireless telephones.

1984: Increased capital to NT\$60 million.

Vigorously expand domestic sales and actively establish its own brand.

1985: Leading the successful development of dual-cassette audio.

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

1986: The capital increased to NT\$80 million.

Mini TVs are extremely popular, and they have successfully entered the American market and as well as the Europe.

1987: Increased capital to NT\$134 million.

Black-and-white TV shines in the European market.

Successfully developed a 6-inch small color TV.

Purchased 11,086 square meters of land in Zhongli Industrial Zone, and moved the Taipei office to the office which is located in the 6th and 7th floors of No. 67 Minquan East Road immediately.

1988: Increased capital to 184 million.

Reinvested in Malaysia and established ACTION INDUSTRIES (M) SDN. BHD.

Established a new factory (information factory) on the newly purchased land in Zhongli Industrial Zone, and used it as the head office to produce information products, while the old factory (film and television factory) mainly produced film and television products.

Purchased SMT surface bonding machine to produce high-precision, slim and short products.

1989: Reinvested in Malaysia and established Action Asia Holdings (Ma) Co., Ltd. to engage in the development of industrial parks.

Accept SONY commission to produce 100,000 mini TV radios.

Successfully developed 8mmVCR color TV combination.

Purchased the 4th floor office building at No. 67 Minquan East Road.

1990: Increased capital to NT\$350 million for IPO.

Successfully developed a 14-inch Super VGA color computer monitor.

Leading the development and production of portable color TV player combinations, and successfully were sale worldwide.

1991: Revenue grew substantially to NT\$1.8 billion, breaking the record over past 15 years.

Leading the development of a 10-inch color computer monitor.

1992: Revenue growth has reached NT\$2.19 billion.

Reinvested USD 800,000 in Action American Co., Ltd.

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

- Issued NT\$800 million of convertible corporate bonds.
- 2004: Issued USD 35 million of overseas convertible corporate bonds.
Established Taiwan operations headquarters and officially opened.
Action Asia Holdings Company which was reinvested in Action Asia (Malaysia) Co, Ltd., was officially IPO on the Singapore stock market.
Ranked No.47 among the Top 50 Operating Performance by Common Wealth Magazine.
- 2005: Group revenue reached NT\$17.5 billion and profit was NT\$940 million.
Imported ERP system operation.
The Cultural Relics Museum of Action Electronics Co., LTD was established. and ranked No.22 among the top 50 fastest growing enterprise by Common Wealth Magazine.
- 2006: Celebrated the 30th anniversary of Action Electronics Co., LTD., cherish what we have and progress with the times.
Continuously developed new products and launched into the market.
Ranked No. 188. among the top 1000 manufacturing industries by Common Wealth Magazine.
- 2007: Ranked No.171 among the Top 300 groups in terms of net revenue.
Won the BBY Annual Outstanding Supplier Award.
Invested in the construction of a factory in Ji'an City, Jiangxi Province.
- 2008: Completed the factory construction of ACTION TECHNOLOGY (Ji'an) CO.,LTD in Ji'an City, Jiangxi Province and then began production and sales.
Developed new DPF_PCR products to sell into the market.
Ranked No.241 among the Top 1000 Manufacturing Industries by Common Wealth Magazine.
- 2009: Invested in 3C chain store operation including Zhen Kuang and Taiwan's Best Denki Co., Ltd., to enter the 3C channel.
Construct a domestic market in Mainland China.
Transformed as a technology service industry.
- 2010: Celebrated the 5th anniversary of ACTION ASIA (SHENZHEN) CO., LTD. moves to a new factory as moving forward into a new milestone.
Ranked No.243 among the Top 1000 Manufacturing Industries by Common Wealth Magazine.
ACTION ASIA (SHENZHEN) CO., LTD. invested DEDE TECHNOLOGY (SHENZHEN) CO., LTD
- 2011: Celebrated the 35th anniversary of Action Electronics Co., LTD., aimed to change the channel and becoming the BEST.
Launched a tablet dictionary of "Chinese Language and Culture Learning".
- 2012: Acquired the Japanese shareholding of Best Electric Distribution Company to dominate the operation, and tendered to merger the Kolin brand and the after-sales service maintenance company (Realise Tech-Service Co., Ltd) to establish a one-stop service in Taiwan's technology industry.
- 2013: SHANGHAI ACTION TECH CO., LTD(馬新憶) transformed service as a warehousing industry to meet the mainland's warehousing needs; ACTION TECHNOLOGY (Shanghai) CO.,LTD(上海華憶科技) was renamed as ACTION COMMERCIAL AND TRADING (SHANGHAI)CO.,LTD(上海憶歌商貿) to operate online sales and entered the mainland market with the brand Kolin, and launched new products into the third biggest major online shopping platforms "Yixun.com".
- 2014: The company won the 8th year of Taoyuan County Outstanding Enterprise Excellence Award.
Best Electric Co., Ltd. won the champion of B Group of Energy-saving Products Promotion and Energy-saving Performance Manufacturers.
- 2015: ACTION ASIA LIMITED withdrew from the Singapore stock market.
- 2016: Focus on profitability, adjust structure, activate assets, and strive to rationalize the stock price. The implementation of the mid-term business strategy has worked out and eventually ended five years of losses, the business switch has been successful, and the stock price has reached the level of net value per share by the end of the year.
- 2017: On December 25, the board of directors of the subsidiary company, Best Electric Co., Ltd., made resolution to end up the operation.
The Kolin brand has established a strategic partnership with Taiwan Heavy Industry Mitsubishi Group.
ACTION ASIA (SHENZHEN) CO., LTD. restarted the manufacturing of in-vehicle multimedia audio-visual products.
- 2018: ACTION ASIA (SHENZHEN) CO., LTD. established the R&D team of ACTION INTELLIGENT (SHENZHEN) VO.,LTD.
Acquired 51% shares of Chongqing Zhiqixin Electronic Technology Development Co., Ltd.
Taiwan Headquarters cooperated with the Land Development Board of Directors to approve the establishment of "ACTION ASIA DEVELOPMENT CO., LTD."
- 2019: ACTION ASIA DEVELOPMENT CO., LTD. held the groundbreaking ceremony of " ACTION ASIA SCIENCE & TECHNOLOGY PARK" on December 8th, Taoyuan Zhongli headquarters activated

construction of Industry 4.0 industrial park.

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

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

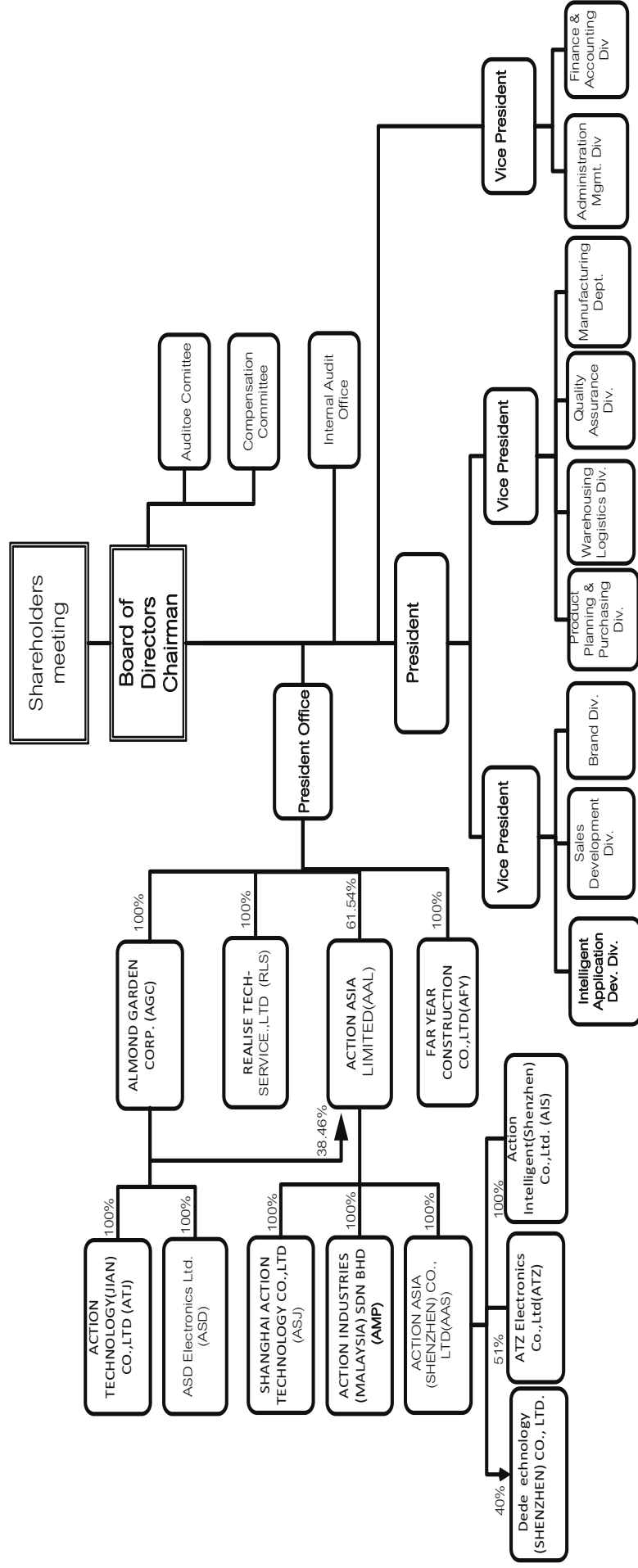
2021: Sale of 100% equity transfer of Action Technology(Jian) Co., Ltd.

Dispose of 51% equity of ATZ Electronic Co., Ltd.

III 、Corporate Governance Report

3-1 、(1).Org. Chart

2021 ACTION GROUP Organization



3-1-2、 Each division's major task :

Division	Organization function
Audit Division	<ol style="list-style-type: none"> 1. Implementation and management of group audit plan. 2. Corporate governance and compliance with, laws and regulations. 3. Internal control and audit.
Chairman of the board	<ol style="list-style-type: none"> 1. Group resource integration and business performance achieved. 2. Big data analysis application and related technology introduction. 3. Company image and its (agent) brand development strategy and management. 4. Group four development and major project planning and promotion. 5. The Group's major risk control.
Accounting Division	<ol style="list-style-type: none"> 1. Accounting affairs operations ; Fund raising and effective use. 2. Control the risk of accounts receivable. 3. The group renews the announcement of legal compliance and management of stock affairs. 4. Accountant contact and problem handling.
Management Division	<ol style="list-style-type: none"> 1. Inheritance of corporate culture and maintenance of rules and regulations. 2. Human resources and education training. 3. Environmental safety and health and asset management. 4. Legal risk prevention, patent and intellectual property rights maintenance. 5. Maintenance and operation of local public relations.
Sales Division	<ol style="list-style-type: none"> 1. Competitive product intelligence collection in the same industry. 2. Achievement of revenue target and accounts receivable. 3. Channel development and customer relationship maintenance. 4. Sales and demand plan management on customer.
Smart Application Development Office	<ol style="list-style-type: none"> 1. Establish and develop smart home appliances. 2. Construction and management of intelligent commodity application platform, after-sales service. 3. Planning and overall planning of intelligent application education and training. 4. Operation system application platform construction and management. 5. Information system establishment, maintenance and management.
Brand Office	<ol style="list-style-type: none"> 1. Brand promotion planning and implementation. 2. Integrate marketing tools and show quality improvement. 3. The establishment and maintenance of media relations, and the continuous release of news. 4. Expand the group and its brands visibility and cooperate with different industries.
Manufacturing Division	<ol style="list-style-type: none"> 1. Product assembly, testing and adjustment. 2. Improve production process and technology. 3. Control the manufacturing process to ensure product delivery and quality.
Quality Assurance Division	<ol style="list-style-type: none"> 1. Supplier evaluation and on-site supervision and guidance. 2. The product complies with the safety regulations of the place of sale and the relevant verification application. 3. Quality assurance before, during and after the shipment of self-operated and project products. 4. The first batch of products are put on the market for quality control. Aftermarket quality inspection and sampling. 5. The first time remediation, cause diagnosis and preventive measures tracking implementation of customer complaints and major quality problems. 6. Commodity end customer satisfaction monitoring and management. 7. Classification and refurbishment of returned goods.

Division	Organization function
Logistics Management Department	<ol style="list-style-type: none"> 1. Warehouse logistics operation management and inventory control and welfare product refurbishment co-organization. 2. Commodity item number review, return processing during virtual access appreciation period 3. Shipment operation and review, account credit management. 4. Calculation of business and distribution rewards, and abnormal tracking of commodity sales.
Commodity Office	<ol style="list-style-type: none"> 1. Competitive product intelligence collection in the same industry. 2. Commodity procurement control and cost analysis. 3. Formulate product marketing strategy and pricing strategy. 4. Shipment operations, accounting and creditor's rights management. 5. Commodity coding standard formulation and management

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

3-2-1 Directors

2022/4/26

Unit : Share : %

Title (Note1)	Nationality/ Place of Incorporation	Name	Gender (age) (Not e2)	Date of assignment	Office Term	Date First Elected (Note3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		Remark (Note5)	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name		Relation
Chairman	ROC	Peng Ting-Yu	F (50~ 60)	10906153	years	880614	4,045,451	1.26	4,331,983	1.56	—	—	—	—	1.Master at USC 2.President of Action Electronics Co.,Ltd 3.Consultant of TEEMA 4.Director, Next Generation Charity Association	1.General manager of Action Electronics Co.,LTD. 2.Chairman of Action Industries(M) SDN BHD. 3.Chairman of ASD ELECTRONICS LIMITED 3.Director of Action Asia (Shenzhen)Co.,Ltd 4.Director of Realise Tech-Service Co.,Ltd 5.Director of SHANGHAI ACTION TECHNOLOGY CO.,LTD 6.Director of ALMOND GARDEN CORP. 7.Director of ACTION ASIA LIMITED.	Director	Peng Chiun- Ping	Father and Daughter	None
Director	ROC	Peng Chiun-Ping	M (70~ 80)	10906153	years	651217	17,798,895	5.53	20,683,303	7.46	5,187,000	1.87	—	—	Tamkang University 1.Bank of Communications 2.National Taxation Bureau of Taipei 3.Chairman of Action Electronic Co.,Ltd	1.President of Action Electronics Co.,Ltd 2.Chairman of Shanghai Action Technology CO.,LTD 3.Chairman of Far Year Construction CO.,LTD 4.Chairman of ALMOND GARDEN CORP. 5. Chairman of Action Industries (M) SDN.BHD 6. Director of Action Asia (Shenzhen)Co.,Ltd	Director	Peng Ting- Yu	Father and Daughter	None

Title (Note1)	Nationality/ Place of Incorp oration	Name	Gender (age) (Not e2)	Date elected	Terms	Date Elected (Note3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholdi ng by Nominee Arrangeme nt		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	Chao Teng-Pang	M (70-80)	1090615	3 years	880614	1,357,820	0.44	1,442,820	0.52	0	—	—	—	Tamkang University 1.Santron Electronic Co.,Ltd 2. Chairman of Action Electronic Co., Ltd	1. Chairman of Realise Tech-Service Co.,Ltd 2. Director of Far Year Construction CO,LTD 3. Director of Action Asia (Shenzhen)Co.,Ltd 4. Director of Action Industries (M) SDN.BH. 5. Director of Shanghai Action Technology CO.,LTD 6.Director of ALMOND GARDEN CORP. 7.Director of ACTION ASIA LIMITED.	None	None	None	None
Director	ROC	Hsu Wen-Tang	M (50-60)	1090615	3years	1060615	1,000,000	0.36	1,003,000	0.36	2,000	—	—	—	EMBA,National Chengchi University Cooperative Economics ,NGHU VP of RaySun Electronics Corp.		None	None	None	None
Director	ROC	Liu Chiu-C hi	M (70-80)	1090615	3 years	1000624	2,098,249	0.76	3,136,000	1.11	38,000	0.03	—	—	Cheng-kung Senior Industrial Commercial Vocational School Chairman of ING-KER Tech Ltd	1.Chairman of ING-KER Tech Ltd 2. Director of Realise Tech-Service Co.,Ltd 3. Supervisor of Action Asia(Shenzhen)Co.,Ltd	None	None	None	None
Director	ROC	Wen Yu Mei	F (60-70)	1090615	3 years	1090615	2,261,000	0.82	2,261,000	0.82	0	—	—	—	1.MBA NCCU 2.National Taipei College of business 3.Senior Manager of First Securities Inc. 4.Finance Manager of Taoyuan Securities Inc	1. Chairman of You Yuan Lai Investment Ltd. 2. Director of Action Asia (Shenzhen)Co.,Ltd	None	None	None	None

Title (Note 1)	Nationality/Place of Incorporation	Name	Gender (age) (Note 2)	Date elected	Terms	Date Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Director	ROC	Peng Hsiu-Yun	F (60-70)	1090615	3 years	10906154	1,120,000	0.40	1,120,000	0.40	170,158	0.06	—	—	1. Business Management, Pacific Western University 2. Director of Shanghai Federation of Taiwan Compatriots Deputy Chairman of Jiading District 3. Supervisor of Action Asia (Shenzhen) Co., Ltd	1. Supervisor of Shanghai Action Technology CO., LTD	None	None	None	None	
Director	ROC	Shin Chuan Yuan Investment Co., Ltd		1090615	3 years	1090615	1,000,000	0.36	1,000,000	0.36	—	—	—	—	—						
		Representative: Tsai Jinwan	M (40-50)	1090615	3 years	1090615	0	0.00	0	0.00	—	—	—	—	1. Department of Business Management of Saginaw Valley State University 2. Lecturer of National Open University 3. Chairman of SANYO WHISBIH GROUP EDUCATION FOUNDATION	1. Chairman of Shin Chuan Yuanc Investment Co., Ltd 2. Director of Chip Biotechnology Incorporation 3. Supervisor of The Allied Association for Science Park Industries	None	None	None	None	
Independent Director	ROC	Tang Peng-hsin	M (50-60)	1090615	3 years	1090915	—	—	0	0.00	—	—	—	—	1. National Chung Hsing University, Accounting Dept. 2. CPA 3. Audit Manager of MUSTANG Industrial Corp.	1. Independent Director of WW Holding Inc. 2. Independent Director of Genomics BioSci&Tech Co., Ltd 3. Independent Director of Kingza International Co., Ltd	None	None	None	None	

Title (Note 1)	Nationality/ Place of Incorporation	Name	Gender (age) (Not e2)	Date Elected	Terms	Date Elected(No te3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		Remark (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Relation	
Independent Director	ROC	Min Kuei-Li Ming	F (50~ 60)	1060615	3years	1060615	-	-	-	-	-	-	-	-	1.VP of My humble house Hospitality Management Consulting Co.,Ltd 2.Supervisor of Radiant Innovation Inc.	None	None	None	None
Independent Director	ROC	Yen Tzong- Ming	M (50~ 60)	1090615	3 years	1090615	-	-	-	5,587	-	-	-	1.Master of Soochow University Advanced study in Doctoral program of Finance, Wharton School of the University of Pennsylvania Commissioner of Hsinchu Science Park 2.Director of Maga Bills Finance Co.,Ltd 3.Visiting Professor of Hsuan Chuang University 4.Vice Professor of NCTU 5.Executive Director and consultant of ASPA) 6.Director of IASP	1.Independent Director of Machvision Inc 2.Supervisor of Ahlerex Electronics Co.,Ltd 3.Consultant of Wholetch System Hitech Limited 4.Director of Hsinchu Kuang-Fu SeniorHigh school	None	None	None	

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

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

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

Note 4: For experience related to the current position, if you have worked for a CPA firm or a related company during the previous reporting period, you should specify the title of the position and the duties for which you are responsible.

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

<u>Reason</u> <ul style="list-style-type: none"> ● Complete industrial qualifications . managers ● Understand the industrial market ● Leadership ability ● Family inheritance 	<u>Rationality and Necessity</u> <ul style="list-style-type: none"> ● Good familiarity with customers ● Can fully master the changes of the industrial market ● Have planning ability of the overall enterprise ● Train a succession team ● Bridge between family businesses 	<u>Countermeasures</u> <ul style="list-style-type: none"> ● Actively train professional .
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3-2-2 Institutional shareholder information

Table 1: Major Shareholders of Institutional Shareholders

4/26/2022

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

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

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

Note 3: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders to be disclosed are the names of people who contributed or donated the capital and the ratio of their contribution or donation.

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

3-2-4 Information Regarding Directors

A. Professional Qualifications and Independence Analysis of Directors: Directors

Criteria Name	Professional Qualifications requirements and work experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Peng Ting-Yu (Chairman)	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate. The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: Master at USC</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ● General manager of Action Electronics Co.,Ltd. ● Consultant of TEEMA ● Director, Next Generation Charity Association ● current position: Chairman of Action Electronics Co.,Ltd ∙ Action Industries (M)SDN.BH. ∙ Action Asia(Shenzhen)Co.,Ltd 	Not applicable	0
Peng Chiun-Ping (Director)	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate. The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: Tamkang University</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ● Bank of Communications ● National Taxation Bureau of Taipei ● Chairman of Action Electronic Co.,Ltd ● current position: .President of Action Electronics Co.,Ltd ∙ .Chairman of Shanghai Action Technology CO.,LTD ∙ .Chairman of Far Year Construction CO.,LTD 	Not applicable	0
Chao Teng-Pang (Director)	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate. The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: Tamkang University</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ● Chairman of Action Electronic Co.,Ltd ∙ Santron Electronic Co.,Ltd ● current position: Chairman of Realise Tech-Service Co.,Ltd ∙ Director of Far Year Construction CO.,LTD ∙ Director of Shanghai Action Technology CO.,LTD ∙ Director of Action Asia(Shenzhen)Co.,Ltd 	Not applicable	0

Criteria Name	Professional Qualifications requirements and work experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Hsu Wen-Tang (Director)	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: EMBA, National Chengchi University Cooperative Economics, NCHU</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ● VP of RaySun Electronics Corp. ● Chairman of Action Asia (Shenzhen) Co., Ltd ● General manager of Action Electronic Co., Ltd 	Not applicable	0
Liu Chiu-Chi (Director)	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Work expense:</p> <ul style="list-style-type: none"> ● Cheng-kung Senior Industrial Commercial Vocational School ● Chairman of ING-KER Tech Ltd ● Current position: Director of Realise Tech-Service Co., Ltd & Supervisor of Action Asia (Shenzhen) Co., Ltd 	Not applicable	0
Wen Yu Mei (Director)	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: MBA NCCU & National Taipei College of business</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ● Senior Manager of First Securities Inc. ● Finance Manager of Taoyou Securities Inc ● Current position: Chairman of You Yuan Lai Investment Ltd. & Director of Action Asia (Shenzhen) Co., Ltd. 	Not applicable	0
Peng Hsiu-Yun (Director)	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: Management, Pacific Western University</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ● Director of Shanghai Federation of Taiwan Compatriots Deputy Chairman of Jiading District ● Current position: General manager of Shanghai Action Technology CO., LTD Director of Action Asia (Shenzhen) Co., Ltd 	Not applicable	0
Shin Chuan Yuan Investment Co., Ltd Representative: Tsai Jin wan (Director)	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: Department of uiness Management of Saginaw Valley State University</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ● Lecturer of National Open University ● Chairman of SANYO WHISBIH GROUP EDUCATION FOUNDATION. ● Current position: Chairman of hin Chuan Yuan Investment Co., Ltd & Director of Chip Biotechnology Incorporation & Supersior of The Allied Association for Science Park Industiries 	Not applicable	0

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

Criteria Name	Professional Qualifications requirements and work experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Tang Peng-Chin (Independent Director))	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: National Chung Hsing University, Accounting Dept. · CPA</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ● Audit Manger of MUSTANG Industrial Corp. ● Current position: <ul style="list-style-type: none"> ✓ Independant Director of Genomics BioSci&Tech Co.,Ltd ✓ Independant Director of Kingza International Co.,Ltd ✓ Independant Director of WW HoldingInc. 	<p>(1) Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates.</p> <p>(2) Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company,</p> <p>(3) Not a director or supervisor of the company or any of its affiliates.</p> <p>(4) Not a professional who provides audits or commercial, legal, commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.</p>	3
Min Kuei-Ling (Independent Director))	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: Master of National Taiwan University of Science and Technology at Dept. of Finance</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ✓ VP of My humble house Hospitality Management Consulting Co., Ltd ✓ Supervisor of Radiant Innoviation Inc. 	<p>(1) Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates.</p> <p>(2) Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company,</p> <p>(3) Not a director or supervisor of the company or any of its affiliates.</p> <p>(4) Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.</p>	
Yen Tzong-Ming (Independent Director))	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: Master of Soochow University Advanced study in Doctoral program of Finance, Wharton School of the University of Pennsylvania Commissioner of Hsinchu Science Park</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ✓ Director of Maga Bills Finance Co., Ltd ✓ Visiting Professionor of Hsuan Chuang University ✓ Vice Professionor of NCTU ✓ Executive Director and consultant of ASPA Director of IASP ✓ Independent Director of Machvision Inc 	<p>(1) Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates.</p> <p>(2) Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company,</p> <p>(3) Not a director or supervisor of the company or any of its affiliates.</p> <p>(4) Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.</p>	1

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

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

- (1). Directors of the management and leadership decision-making group: Chairman Peng Tingyu, Directors Peng Junping, Zhao Dengbang, Xu Wentang, Liu Qiuqi, Wen Yumei, Peng Xiuyun, Cai Jinwan, etc., hold monthly management committees to discuss improvement measures based on operating results and performance. Make records and track the situation of improvements.
- (2). Directors of Industry Knowledge and Financial Accounting Group: Chairman Peng Tingyu, Directors Peng Junping, Zhao Dengbang, Xu Wentang, Liu Qiuqi, Wen Yumei, Peng Xiuyun, Cai Jinwan, etc.
- (3). Establish a promotion group for asset activation, led by director Peng Junping, with members including Zhao Dengbang, Wen Yumei, etc., to review the promotion situation monthly.
- (4). Among three independent directors, Tang Pengjin' possesses CPA license, Min Guiling and Yan Zongming are specialized in economics and financial management (one of them is a female)
- (5). The composition of the board of directors of the company is based on the "Corporate Governance Code", paying attention to gender equality and generally possessing the knowledge, skills and literacy necessary for performing duties; currently there are nine directors, three independent directors, 9% of employees, and 36% of female members.

B、Diversity of board members and their achievement:

- ✓ The proportion of female directors is 36% and that of male directors is 64%.
- ✓ Directors with employee status accounted for 9% and independent directors accounted for 27%.
- ✓ Directors are over, years old and under.
- ✓ The term of office of the director is more than years and years.
- ✓ The diversified core projects of each director are as follows:

Diversity Core Program		gender	seniority	Management	leadership decision	Industry knowledge	Financial Accounting	Legal law
Director name								
Director	Peng Ting Yu	F	22	√	√	√	√	√
Director	Peng Chiun-Ping	M	46	√	√	√	√	√
Director	Chao Teng-Pang	M	22	√	√	√	√	√
Director	Hsu Wen-Tang	M	2	√	√	√	√	√
Director	Liu Chiu-Chi	M	11	√	√	√	√	√
Director	Wen Yu Mei	F	2	√	√	√	√	√
Director	Peng Hsiu-Yun	F	2	√	√	√	√	
Director	Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai Jin wan	M	5	√	√	√		√
Independent Director	Tang Peng-Chin	M	2	√		√	√	√
Independent Director	Min Kuei-Ling	F	5	√		√	√	√
Independent Director	Yen Tzong-Ming	M	2	√		√		√

3-2-6、Information Regarding Management Team

4/26/2022

Unit : share ; %

Title (Note1)	Nationality	Name	Gender	Date of Assignment	Share Held		Share held by spouse and minors		Share held by Nominee Arrangement		Experience (Education) (Note2)	Other Positions	Managers who are Spouses or Within Two Degrees of Kinship		Remarks Note 3
					shares	%	shares	%	shares	%			Title	Relation	
General Manager	ROC	Peng Ting Yu	F	110.03.29	4,331,983	1.56	—	—	—	—	1.Master at USC 2.President of Action Electronics Co.,Ltd 3.Consultant of TEEMA 4.Director, Next Generation Charity Association p.	1.General manager of Action Electronics Co.,LTD. 2.Chairman of Action Industries(M) SDN BHD. 3.Chairman of ASD ELECTRONICS LIMITED 4. Chairman of Action Asia (Shenzhen) Co.,Ltd 5.Director of Realise Tech-Service Co.,Ltd 6.Director of Shanghai Action Technology CO.,LTD 7.Director of Almond Garden Corp. 8.Director of Action Asia Limited.	None	None	None
VP	ROC	Jeffery Peng	M	105.01.26	0	0.00	—	—	—	—	1.Pepperdine University BMA CA USA 2.EMBA of Shanghai Jiao Tong University 3.CEO of Action Asia(Shenzhen)Co.,Ltd	1. Director of Shanghai Action Technology CO.,LTD 2. General manager of Far Year Construction CO.,LTD	None	None	None
VP	ROC	Amme	M	111.05.03	—	—	—	—	—	—	1.Soochow University Law Department in-service special class (writing the thesis) 2.Department of Accounting, National Cheng Kung University 3. CEO of Zhenda Construction (stock) Company 4. Deputy General Manager of Risheng Life Technology Co., Ltd.	1. Xuhui Applied Materials Co., Ltd. Independent Director 2.Jinding United Technology Fiber Co., Ltd. Independent director.	None	None	None
Head of Corporate Governance	ROC	Chelsea Chen	M	111.01.01	—	—	—	—	—	—	Department of Public Administration, Taipei University	Secretary of the Board of Directors of Action Electronics Co., Ltd.	None	None	None
Accounting Officer	ROC	Huang Chun Lan	F	110.08.12	13,499	0.00	—	—	—	—	1.Accounting Master of Feng Chia University 2.Accounting Manager of Allied Industrial Corp Ltd. · Deputy spokeswoman		None	None	None

Note1 : Information Regarding General managers · Vice President · Assistant VP and heads of Department should be disclosed and regardless of job title, any person whose position is equivalent to General Manager,Vice President,Assistant VP should be disclosed too.

Note 2:For the experience relevant to the current position, such as employment at an audit and certification accounting firm or an associated enterprise during the said period, the title and responsibilities shall be specified.

Note 3:If the chairman of the board of directors and the general manager or equivalent (top manager) of the company are the same person, spouses or first degree relatives, the reasons, rationality, necessity and Countermeasures (such as increasing the number of independent directors, and more than half of the directors are not concurrently employees or managers) shall be explained.

<p><u>Reason</u></p> <ul style="list-style-type: none"> ● Complete industrial qualifications managers ● Understand the industrial market ● Leadership ability ● Family inheritance 	<p><u>Rationality and Necessity</u></p> <ul style="list-style-type: none"> ● Good familiarity with customers ● Can fully master the changes of the industrial market ● Have planning ability of the overall enterprise ● Train a succession team ● Bridge between family businesses 	<p><u>Countermeasures</u></p> <p>Actively train professional ◦</p>
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3-3-1、Remuneration Paid to Directors, Independent Directors, Supervisors, President, and Vice Presidents

(1) Remuneration of Directors and Independent Directors

Unit : NT thousand

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C+D) to Net Income (%) Note 11			Relevant Remuneration Received by Directors Who are Also Employees				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) Note 11	Remuneration from ventures other than subsidiaries or parent company (Note 12)			
		Compensation in (A) Note 2		Severance Pay (B)		Directors Compensation (C) Note 3		Allowances (D) Note 4		Salary, Bonuses, and Allowances (E) Note 5		Severance Pay (F)		Employee Compensation (G) Note 6					
		The company	All companies in the consolidated financial statements (Note 8)	The company	All companies in the consolidated financial statements (Note 8)	The company	All companies in the consolidated financial statements (Note 8)	The company	All companies in the consolidated financial statements (Note 8)	The company	All companies in the consolidated financial statements (Note 8)	Cash	Stock	Cash			Stock		
Chairman	Peng Ting-Yu	0	0	0	433	433	180	493	0.29%	0.44%	2,620	4,263	0	0	0	0	1.55%	2.49%	None
Director	Peng Chiu-Ping	0	0	0	207	207	160	354	0.18%	0.27%	943	3,670	0	0	539	0	0.63%	2.29%	None
Director	Chao Teng-Pang	0	0	0	395	395	140	406	0.26%	0.38%	0	1,638	0	0	0	0	0.26%	1.17%	None
Director	Hsu Wen-Tang	0	0	0	207	207	95	158	0.14%	0.18%	1,857	3,085	0	114	150	0	1.09%	1.73%	None
Director	Liu Chiu-Chi	0	0	0	207	207	110	162	0.15%	0.18%	0	0	0	0	0	0	0.15%	0.18%	None
Director	Wen, Yu Mei	0	0	0	113	113	135	187	0.12%	0.14%	0	0	0	0	0	0	0.12%	0.14%	None
Director	Peng Hsiu-Yun	0	0	0	113	113	110	175	0.11%	0.14%	398	1,474	0	0	300	0	0.30%	0.99%	None
Director	Shin Chuan Yuan Investment Co., Ltd Representative: Tsai, Jin wan	0	0	0	113	113	120	120	0.11%	0.11%	0	0	0	0	0	0	0.11%	0.11%	None
Independent Director	Tang Peng-Chin	400	400	0	0	0	110	110	0.24%	0.24%	0	0	0	0	0	0	0.24%	0.24%	None
Independent Director	Min, Kuei-Ling	400	400	0	0	0	105	105	0.24%	0.24%	0	0	0	0	0	0	0.24%	0.24%	None
Independent Director	Yen, Tzong-Ming	400	400	0	0	0	105	105	0.24%	0.24%	0	0	0	0	0	0	0.24%	0.24%	None

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

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

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

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

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

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

Note4 : Refers to the amount of business execution fee for directors including travel expense, special disbursement, allowance, accommodation,

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

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

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

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

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

Note11 :

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

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

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

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

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

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

Unit:NT thousands

Title	Name	Salary(A) (Note2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)			Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Remuneration on from ventures other than subsidiaries or from the parent company (Note 9)
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	Cash	Stock	The company	Companies in the consolidated financial statements (Note 5)		
General Manager	Peng Ting-Yu												
VP	Jeffery Peng												
VP	Amme_chou	2,947	3,502	0	0	0	0	115	0	413	0	1.47%	1.88%
Head of Corporate Governan	Chelsea Chen												
Accounting Manager	Huang chun Lan												None

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

Range of Remuneration

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

Note1: Names of General Managers and Vice Presidents shall be listed separately and individual payments made shall be disclosed through a

summary. If the director is also a general manager or vice general manager, this table and the above table (1-1 or 1-2) shall be completed.

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

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

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

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

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

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

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

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

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

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by

General Manager and VP who are serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

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

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

Unit:NT\$ thousand

Title	Name	Salary(A) (Note2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				(A+B+ C+ D) as a % of Net Income (%) (Note 8)		Compensation Paid to Directors from non-consolidation affiliates or parent company (Note 9)	
		From the Company	From All consolidated Entities (Note 5)	From Action	From consolidated Entities (Note5)	From the Company	From All consolidated Entities (Note5)	From All consolidated Entities (Note5)		From the Company	From All consolidated Entities (Note5)				
								Cash	Stock			Cash	Stock		
VP	Peng, Jeffery	1,440	2,393	0	0	0	0	0	0	0	298	0	0.69%	1.29%	None
Head of Corporate Governance	Chelsea chen	869	869	0	0	0	0	0	0	65	0	0	0.45%	0.45%	None

Note: General Manager Peng Ting-Yu、VP Amme_chou、Accounting manger Huang chun Lan tenure less than one year。

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

Remuneration Paid to General Manger and Vice President

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

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

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

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

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

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

Note6 : The net income after-tax refers to the net income after-tax in the standalone financial statements for the most recent year.
note7 : a. Specify the amount of remuneration received by managerial officers with the top five remuneration amounts from ventures other than subsidiaries or from the parent company in this field (Please fill in "None" if none).

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

1.Remuneration to Directors as a % of Net Income Unit : In NT thousands

	2021		2020	
	From the Company	From all consolidated Entities	From the Company	From all consolidated Entities
Remuneration to Directors as a % of net income	4.94%	9.83%	24.08%	46.13%
Remuneration to managerial officers as a % of Net income	1.47%	1.88%	11.25%	16.65%

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

2.The policies, standards, and performance for the payment of remuneration,

- ① The remuneration to Directors was made in the Bylaw of Corporate.Compensation to General Manager and VP was approved by BOD while appointed
- ②The compensation to directors and other key management personnel were determined by the Remuneration Committee of the Company and approved by Board of Directors in accordance with the individual performance and the market averages.

Names and distribution of management team assigned with employees'bonus

2022/04/26
Unit : In NT\$ thousand

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Total employees'profits sharing bonus to management team as a % of net income (%)
Managerial Officers	General Manager	Peng,Ting-Yu	0	115	115	0.00%
	VP	Peng,Jeffery				
	VP	Amme-chou				
	Head of Corporate Governance	Chelsea chen				
	Accounting Officers	Lei,Shih-Yun				

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

Note2 : Refers to the amount of employee compensation (including stock and cash) Approved by the Board of Directors for managerial officers in the most recent year.

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

Note3 : Managerial officers refers to managers at the Company, in which the standard for

determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003.

- (1) General Managers and equivalent posts
- (2) Vice President and equivalent posts
- (3) Assistant VP and equivalent posts
- (4) Head of Department of Finance
- (5) Head of Accounting Department
- (6) Other people handling corporate affairs and signature rights

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

3-4 、 Implementation of Corporate Governance ementation of Corporate Governance

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

A total of 6 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name(Note1)	Attendance in person (B)	By Proxy	Attendance rate in person (%) 【 B / A 】 (Note 2)	Notes
Chairman	Peng, Ting-Yu	6	0	100.00	1090615Reelected
Director	Peng, Chiun-Ping	5	1	83.33	1090615Reelected
Director	Chao, Teng-Pang	6	0	100.00	1090615Reelected
Director	Hsu,Wen-Tang	6	0	100.00	1090615Reelected
Director	Liu, Chiu-Chi	6	0	100.00	1090615Reelected
Director	Wen, Yu Mei	5	1	83.33	1090615New office assumed
Director	Peng, Hsiu-Yun	6	0	100.00	1090615New office assumed
Director	Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai, Jin Wan	6	0	100.00	1090615New office assumed
Independent Director	Tang, Peng-Chin	6	0	100.00	1090615New office assumed
Independent Director	Min, Kuei-Ling	6	0	100.00	1090615Reelected
Independent Director	Yen, Tzong-Ming	6	0	100.00	1090615New office assumed

Other matters to be recorded:

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

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

Meeting Date (Session)	Contents of the motion and the resolution
<p>29 March 2021 1st Board Meeting 2021</p>	<p>Motion:</p> <ol style="list-style-type: none"> 1. Transfer of equity interest in the investee company "Action Technology (Ji'an) Co. 2. The Company periodically evaluates the independence of the certified public accountants. 3. Sale of shares of the Company's common stock in Credible Electronics (shares) <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.
<p>12 May 2021 2nd Board Meeting 2021</p>	<p>Motion:</p> <ol style="list-style-type: none"> 1.The Company and its subsidiary, Yayi Construction, acquired real estate assets under lease from a related party. 2. Replacement of CPAs.. <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all directors present and approved the proposal without objection.
<p>12 August 2021 3rd Board Meeting in 2021</p>	<p>Motion:</p> <ol style="list-style-type: none"> 1. The Company endorsed the guarantee for its subsidiary, "Action Asia Electronics (Shenzhen) Co". 2.2021 CPA Fee Case. <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.
<p>November 11, 2021 5th Board Meeting in 2021</p>	<p>Motion:</p> <ol style="list-style-type: none"> 1.Amendment to the Company's "Revitalization of Assets and Innovation Value Incentive Program" 2.Amendment to certain provisions of the Company's "Regulations Governing the Preparation of Financial Statements". 3.To amend the "Regulations Governing Accounting Professional Judgments, Changes in Accounting Policies and Estimates" of the Company. 4. Appointment of the Company's Treasurer. <ul style="list-style-type: none"> ● Independent directors' opinion: No objection or unqualified opinion. ● The Company's treatment of the independent directors' opinion: Not applicable. ● The Chairman consulted all Directors present and approved the proposal without objection.

Note: At least one independent director will be present in person at each of the Company's Board meetings in 2021

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

2、 The implementation of the withdrawal of a director's interest motion shall state the name of the director, the content of the motion, the reasons for the withdrawal of interests and the voting situation:

*Motion: The Company and Yayi Construction, a subsidiary of the Company, acquired real estate use rights assets under lease from a related party.

- Directors with disqualified interests: Director Wen Yumei and Independent Director Min Guiling
- Reason for avoidance of interest: The lessor of the real estate right-of-use asset acquired by lease from a related party is a related party.
- Participation in voting: The above-mentioned directors recused themselves from the discussion and resolution of this case.

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

Evaluation cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Results
Once a year	Performance evaluation from 2021/01/01 to 2021/12/31	The Board of Directors	Internal Self-Evaluation by the Board	1.Level of involvement in the company's operations 2.Improving the quality of board decisions 3.Board Composition and Structure 4.Election of Directors and Continuing Education 5.Internal control 6.other	Good
Once a year	Performance evaluation from 2021/01/01 to 2021/12/31	The Board of Directors	Self-Evaluation by individual board members	1.Mastery of company objectives and tasks 2.Directors' awareness of their duties and responsibilities and their involvement in the Company's operations. 3.Internal relationship management and communication. 4.The directors' professional and continuing education. 5.Internal control	Good

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

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

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

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

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

The Audit Committee met 6 times (A) in the latest year. Attendance of independent directors in the meetings is as follows:

Title	Name(Note1)	Attendance in person(B)	By Proxy	Attendance rate in person (%)【 B / A 】 (Note 2)	Remark
Independent Director	Tang Peng-Chin	6	-	100.00	1090615New office assumed
Independent Director	Min Kuei-Ling	6	-	100.00	1090615New office assumed
Independent Director	Yen Tzong-Ming	6	-	100.00	1090615New office assumed

Other mentionable items :

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

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

Meeting Date (Session)	Contents of the motion and the resolution
29 March 2021 First Audit Committee	1.Motion to review the 2020 Business Report and Financial Statements (including the Consolidated Statements). 2. Surplus distribution case for 2020. 3. 2020 Internal Control Statement Resolution. 4.Transfer of equity interest in the investee company "Action Technology (Ji'an) Limited. 5. Sale of shares of common stock of Gongxin Electronics Co., Ltd.. 6.Overdue accounts receivable, other receivables, prepayments and refundable deposits.

Meeting Date (Session)	Contents of the motion and the resolution
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The Company's treatment of the independent directors' opinion: Not applicable. ●The Chairman consulted all Directors present and approved the proposal without objection.
12 May 2021 Second Audit Committee	<ol style="list-style-type: none"> 1.The Company and its subsidiary, Yayi Construction, acquired real estate use right assets from a related party under lease. 2. Change of CPAs.
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The Company's treatment of the independent directors' opinion: Not applicable. ●The Chairman consulted all Directors present and approved the proposal without objection.
12 August 2021 Third Audit Committee	<ol style="list-style-type: none"> 1.The Company's Treasurer left the Company to submit a replacement. 2.2021 Appointment of accounting firms by the Group's subsidiaries to audit financial reporting fees. 3.The Company endorsed the guarantee for its subsidiary, Action Asia Electronics (Shenzhen) Co.
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The Company's treatment of the independent directors' opinion: Not applicable. ●The Chairman consulted all Directors present and approved the proposal without objection.
11 November 2021 Fourth Audit Committee	<ol style="list-style-type: none"> 1.Amend the "Regulations Governing the Preparation of Financial Statements". 2.To amend the "Regulations Governing the Judgment of Accounting Items, Changes in Accounting Policies and Estimates". 3. 2022 Annual Audit Plan Case. 4. Appointment of the Company's Treasurer.
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The Company's treatment of the independent directors' opinion: Not applicable. ●The Chairman consulted all Directors present and approved the proposal without objection.

Note: At least one independent director will be present in person at each of the Company's Board meetings in 2021.

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

2、 The implementation of the withdrawal of a director's interest motion shall state the name of the director, the content of the motion, the reasons for the withdrawal of interests and the voting situation:

The board meeting was on May 12, 2021:

**Motion: The Company and Action Asia Construction, a subsidiary of the Company, acquired real estate use rights assets under lease from a related party.

- Directors with disqualified interests: Director Wen Yumei and Independent Director Min Guiling
- Reason for avoidance of interest: The lessor of the real estate right-of-use asset acquired by lease from a related party is a related party.
- Participation in voting: The above-mentioned directors recused themselves from the discussion and resolution of this case.

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

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

(a) Independent directors review internal audit operations and audit tracking progress and reports every month.

(b) Internal audit reports to independent directors in the audit committee quarterly, fully communicates the execution and effectiveness of the audit operation, and answers inquiries on issues of concern to independent directors. The communication situation is as follows:

Meeting date	Nature and content of communication subject	Independent Director's Suggestion
March 24, 2021	Report on the implementation of internal audit operation in Q4 of 2020.	The independent directors have no opinions and no suggestions.
May 12, 2021	Report on the implementation of internal audit operation in the first quarter.	The independent directors have no opinions and no suggestions.
August 11, 2021	Report on the implementation of internal audit operation in the second quarter.	The independent directors have no opinions and no suggestions.
November 11, 2021	Report on the implementation of internal audit operation in the third quarter.	The independent directors have no opinions and no suggestions.

(2). Communication between independent directors and accountants:

Meeting date	Nature and content of communication subject	Independent Director's Suggestion
Desember , 2021	The accountant sends a letter to the board members to seek the opinions of the directors by means of an opinion survey, and the directors reply to the accountant to make relevant issues based on the opinions of the directors, and communicate key issues such as corporate governance and financial report review.	The independent directors have no opinions and no suggestions.
March 29, 2022	The accountant's annual financial report audit is carried out according to the plan of the directors' opinions, and the accountants communicate with the board members after the implementation, risk assessment, and review of key issues, and discuss issues related to corporate governance.	The independent directors have no opinions and no suggestions.

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

Assessment Items	Implementation Status(Note1)		Non-implementation and its reasons	
	Yes	No		
1. Does Company follow “Taiwan Corporate Governance Implementation” to establish And disclose its corporate governance practices?	V		In order to establish a good corporate governance system, in addition to complying with laws and regulations, as well as contracts and related regulations signed with the Stock Exchange (TWSE), the company follows the principles of corporate governance: 1. Establish an effective corporate governance structure, protect the rights and interests of shareholders, strengthen the functions of the board of directors, exert the functions of the audit committee, respect the rights and interests of stakeholders, and enhance information transparency. 2. The relevant provisions of the Code of Practice for Corporate Governance, such as internal control system, subsidiary supervision and management measures, and rules of procedure for board meetings, are all handled in accordance with the provisions of the Code of Corporate Governance, so there is no difference from the "Code of Practice for Corporate Governance for IPO & OTC Companies".	None
2.Shareholding Structure & Shareholders'Equity (1)Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly (2)Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3)Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	V		(1) The company has formulated internal major information handling procedures and measures, and has spokespersons and legal personnel to handle shareholder's suggestions and disputes, all of above can resolve shareholder issues. (2) The company keeps mastering on the company's directors, managers and major shareholders holding more than 10% of the shares of the company, and masters the list of major shareholders and ultimate controllers as much as possible through the previous shareholder registers. The unit responsible for stock affairs and stakeholder relations maintains a good interactive relationship with major shareholders, and pays attention to important matters that may cause share changes.	None

Assessment Items	Implementation Status(Note 1)		Non-implementation and its reasons
	Yes	No	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V	<p>(3) The operation, business, and financial transactions between the company and the affiliated companies are all formulated operation management methods, and facilitate to establish the internal control system, and the duties, powers and accountabilities of the company and the affiliated companies are clearly divided, and appropriate firewall of risk assessments are constructed.</p> <p>(4) In May 2019, the board of directors of the company approved the revision of the management measures for major information processing procedures, which included the prevention of insider trading measures, prohibiting insiders and managers from using undisclosed information on the market to buy and sell securities and as well as the company's official website.</p>	None
3. Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	V	<p>(I) In accordance with the "Code of Practice for Corporate Governance", the company formulates and implements a diversified policy for the members of the board of directors, and the situation that individual directors implement the diversified implementation of the board: According to the company's operations and directors' expertise, the groupings are as follows: 1. Directors of the management and leadership decision-making group: Chairman Peng Tingyu, Directors Peng Junping, Zhao Dengbang, Xu Wentang, Liu Qiuqi, Wen Yumei, Peng Xiuyun, Cai Jinwan, etc., hold monthly management committees to discuss improvement measures based on operating results and performance. Make records and track the situation of improvements. 2. Directors of Industry Knowledge and Financial Accounting Group: Chairman Peng Tingyu, Directors Peng Junping, Zhao Dengbang, Xu Wentang, Liu Qiuqi, Wen Yumei, Peng Xiuyun, Cai Jinwan, etc. 3. Establish a promotion group for asset activation, led by director Peng Junping, with members including Zhao Dengbang, Wen Yumei, etc., to</p>	None

Assessment Items	Implementation Status(Note1)		Non-implementation and its reasons									
	Yes	No										
<p>(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?</p> <p>(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?</p> <p>(4) Does the Company regularly evaluate its external auditors' independence?</p>		<p>review the promotion situation monthly.</p> <p>4. Among three independent directors, Tang Pengjin' possesses CPA license, Min Guiling and Yan Zongming are specialized in economics and financial management (one of them is a female)</p> <p>5. The composition of the board of directors of the company is based on the "Corporate Governance Code", paying attention to gender equality and generally possessing the knowledge, skills and literacy necessary for performing duties; currently there are nine directors, three independent directors, 9% of employees, and 36% of female members.</p>										
	V		<p>(II) The company has established a Salary and Remuneration Committee, an Audit Committee, and other functional committees. Other functional committees have not yet been planned by the company. They will be set up based on the company's operating scale and needs.</p>	None								
	V		<p>(III) The company's board of directors passed the "Performance Evaluation Measures" in November 2020 and selected the head of corporate governance to conduct regular evaluations on directors' performance every year since 2020. The evaluation results will be reported to the board of directors in March 2021 and used in the "Directors and functional committee remuneration payment method" for reference.</p>	None								
	V		<p>(IV) The company regularly evaluates the independence of certified accountants every year and submits it to the audit committee for review and the board of directors for approval. On March 29, 2021, the company evaluated the independence of PricewaterhouseCoopers, Taiwan, and its evaluation items as follows:</p> <table border="1" data-bbox="1203 539 1426 1503"> <thead> <tr> <th>Evaluation Items</th> <th>Result</th> <th>independence</th> </tr> </thead> <tbody> <tr> <td>1. Not hired by the company or any related enterprise.</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>2. Not a director or supervisor of the company or any its affiliates.</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>	Evaluation Items	Result	independence	1. Not hired by the company or any related enterprise.	No	Yes	2. Not a director or supervisor of the company or any its affiliates.	No	Yes
Evaluation Items	Result	independence										
1. Not hired by the company or any related enterprise.	No	Yes										
2. Not a director or supervisor of the company or any its affiliates.	No	Yes										

Assessment Items	Implementation Status (Note1)		Non-implementation and its reasons	
	Yes	No		
<p>4 · Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)? an English-language website, designating staff to handle information</p>	V	Explanation		
			No	Yes
		3. Not themselves, their spouse, minor children or with other natural person shareholders who hold more than 1% of the total issued shares of the company or the top ten shareholders.	No	Yes
		4. Not a spouse, Second-class relatives, or immediate family members within the third class of the person listed in 1~3.	No	Yes
		5. Not a director, supervisor or employee of a legal person shareholder who directly holds more than 5% of the total issued shares of the company, or a director, supervisor or employee of the top five shares holding among legal person shareholders.	No	Yes
		6. Not Directors, supervisors, managers, or shareholders holding more than 5% of the shares of a specific company or organization that does not have financial or business dealings with the company.	No	Yes
		7. Not a spouse or relative relationship with other directors.	No	Yes
		8. There is no one of the conditions in Article 30 of the Company Law.	No	Yes
		9. Not a representative of government, legal person or elected by the company as stipulated in Article 27 of the Company Law.	No	Yes
		10. Not in a position palying the company's directors, managers or may have significant influence on auditing cases within two years.	No	Yes
		11. Shall not be involved in the management function of the company for decision making.	No	Yes
		12. The term of appointment of a certified accountant has not exceeded 7 consecutive years.	No	Yes
IV. The board of directors of the company has approved and elected the			None	

Assessment Items	Implementation Status (Note 1)		Non-implementation and its reasons
	Yes	No	
collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?			"Corporate Governance Chief Coordinating Related Business" to be responsible for matters related to corporate governance in November 2020, information required by directors and independent directors, information required to assist directors in performing business, and to hold a meeting of board of directors and co-work with related matters of shareholder meetings in accordance with the laws and regulations, etc.
5、Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		(I) The company has set up an investor area on the company website, instructing to communicate with stakeholders including investor relations, stock affairs, etc.; and provide spokesperson contact information on the website to appropriately respond to the concerning issues of stakeholders (including original manufacturer/upstream suppliers, customers, shareholders/investors/banks, media, employees...) to set up a smooth communication channel. (II) There are communication channels for employees in the company's team, and employees can express their opinions via email or in written.
6、Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The company appointed Stock Affairs Agency of Yuanta Securities Co., Ltd. to handle stock affairs.
7、Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining	V		(1) The company has set up a website to disclose the company's overview and financial information, and has dedicated personnel responsible for data maintenance and update. Company Website: http://www.action.com.tw (2) The company has set up spokespersons and acting spokespersons in accordance with the regulations, and designated dedicated personnel to collect company information, and be responsible for the disclosure of significant company information, and update the public information

Assessment Items	Implementation Status(Note1)		Non-implementation and its reasons
	Yes	No	
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V	on the Market Observation Post system (MOPS) on time. (Currently, the company has not yet set up an English website) (3) At the end of the fiscal year, the company completed the financial statement within three months according to the law for the Audit Committee to review, and the board of directors recognized and announced the declaration. At present, the company and its affiliated companies still need to increase and train the accounting manpower in order to complete it within two months. The financial reports for the 1-3 quarters and the operating situations of each month will be published and declared a within the legal period.	None
8、 Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V	1. Employees' rights and interests: The company abides by labor laws and regulations, and the appointment and dismissal, transfer, salary, rewards and punishments, education and training of related employees are in accordance with the company's internal management system to protect the rights and interests of employees. In accordance with laws and regulations, an Employee Welfare Committee has been established, a pension system has been implemented, and group insurance for employees has been insured. 2. Employee care: The company provides employee profit-sharing, year-end bonuses and other welfare measures, and protects the legitimate rights and interests of employees in accordance with the Labor Standards Law and other related regulations, provides complaints channels for employees, and set up a comprehensive online documentary management system that lists up various rights and obligations of employees and welfare items to regularly review the content of welfare and protect the rights and interests of employees. 3. Investor relations: improve the transparency of operations, strive for the accuracy, completeness and real-time disclosure of information; stress corporate governance, formulate and disclose corporate governance-related codes; set up a spokesperson system, which is responsible for handling shareholder's suggestions and ensuring shareholder equality. The company website contains investor mailboxes and spokesperson contact information to maintain a healthy and harmonious relationship between the company	None

Assessment Items	Implementation Status(Note1)		Non-implementation and its reasons
	Yes	No	
		<p>Explanation</p> <p>and shareholders.</p> <p>4. Supplier relationship: The company has established Supplier Management Methods to ensure that the delivery time, quality and price of suppliers meet the company's needs, so that can keep a good relationship between each other.</p> <p>5. Rights of interested stakeholders: respect intellectual property rights, stress relationships with customers, and abide by laws and regulations.</p> <p>6. Implementation situation of risk management policies and risk measurement standards: The company adopts different strategies for different risks, formulates various internal regulations, and conducts risk assessment and management.</p> <p>7. Implementation situation of customer policies; maintain stable and good relations.</p> <p>8. The company's purchase of liability insurance for directors; the company has purchased liability insurance for all directors of USD 3 million since May 2018, and it has been upgraded to USD 5 million from May 2022.</p>	
<p>IX. Please explain the improved situation regarding the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year, and propose priority of strengthening items and measures for those that have not improved. (Those which are not included in the assessed company have no need to fill in) The 6th Corporate Governance Appraisal (2021 appraisal year) The improvement of the company's unscored items is described as follows:</p>			
	Index content		
Whether the company releases major English messages simultaneously.	Whether to improve	Description for those items haven't been improved	
	Yes	Since January 1, 2022, the company has released major information in Chinese and released major information in English.	
Does the company simultaneously upload the English version of the meeting notice 30 days before the ordinary shareholders' meeting?	Yes	The notice of the 2011 Annual General Meeting of Shareholders will be uploaded in English 30 days ago.	

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

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

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

1. Information Regarding the Members of the Remuneration Committee

Criteria Name	Professional Qualifications requirements and work experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Min Kuei-Ling (Independent Director))	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: Master of National Taiwan University of Science and Technology at Dept. of Finance</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ✓ VP of My humble house Hospitality Management Consulting Co., Ltd ✓ Supervisor of Radiant Innovation Inc. 	<p>1. Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates.</p> <p>2. Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company,</p> <p>3. Not a director or supervisor of the company or any of its affiliates.</p> <p>4. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.</p>	
Tang Peng-Chin (Independent Director))	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: National Chung Hsing University, Accounting Dept. · CPA</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> • Audit Manager of MUSTANG Industrial Corp. • Current position: <ul style="list-style-type: none"> ✓ Independent Director of Genomics BioSci&Tech Co., Ltd ✓ Independent Director of Kingza International Co., Ltd ✓ Independent Director of WW Holding Inc. 	<p>1. Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates.</p> <p>2. Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company,</p> <p>3. Not a director or supervisor of the company or any of its affiliates.</p> <p>4. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.</p>	3
Yen Tzong-Ming (Independent Director))	<p>a. Profession qualifications: Business, legal, financial, accounting or corporate The work experience required for the service; and there is no company law 30 items of various affairs.</p> <p>b. Education: Master of Soochow University Advanced study in Doctoral program of Finance, Wharton School of the University of Pennsylvania Commissioner of Hsinchu Science Park</p> <p>c. Work expense:</p> <ul style="list-style-type: none"> ✓ Director of Maga Bills Finance Co., Ltd ✓ Visiting Professionor of Hsuan Chuang University ✓ Vice Professionor of NCTU ✓ Executive Director and consultant of ASPA) Director of IASP ✓ Independent Director of Machvision Inc 	<p>1. Not the person, the person's spouse. Relative within the second degree of kinship, of a director, supervisor or an Employee of the company or any of its affiliates.</p> <p>2. Not the person who holds shares, together with those held by the person's Spouse, minor children, or held by the person under others' names. In an aggregate of 0% of the total number of issued shares of the company,</p> <p>3. Not a director or supervisor of the company or any of its affiliates.</p> <p>4. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to UPEC or its affiliates.</p>	1

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

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

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

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

2、Operations of the Compensation Committee

1、The Remuneration Committee composed of 3 members

2、Office Term of Remuneration Committee：6/15/2020~6/14/2023，A total of 4 (A)

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

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

Other mentionable items:

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

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

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

Meeting Date (Session)	Contents of the motion and the resolution
29 March 2021 First time assembly of Salary and Compensation Committee	<ol style="list-style-type: none"> 1.109 Annual employee remuneration and director remuneration distribution plan. 2. Amendment to the Implementation Measures for Employee Remuneration 3. Determine the salary and remuneration method of managers 4. Subsidiary submits application for bonus project after accounts receivable collection. 5. Subsidiary submitted a case of merit award for negotiating price between my employees and Sanmin Construction..
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The company's opinion on the compensation and remuneration committee was consulted by the chairman of all directors present due to legal reasons. The source is inappropriate, please re-apply.
12 May 2021 second time assembly of Salary and Compensation Committee	<ol style="list-style-type: none"> 1. Allocation of employee Remuneration amount to each subsidiary.. 2. The subsidiary company granted the "Merit Award for the bargaining between our staff and Sanmin Construction".. 3. The project award for achieving the goals of the " Der De Join Construction Facilitation Team"
	<ul style="list-style-type: none"> ●Independent directors' opinion: No objection or unqualified opinion. ●The Company's opinion on the Salary and Remuneration Committee was approved by the Chairman after consultation with all Directors present without objection.
12 August 2021 Third time assembly of Salary and Compensation Committee	<ol style="list-style-type: none"> 1.The Company's treasurer vacated his position and was replaced by a replacement. 2.Significant Subsidiary Manager Appointment Remuneration Case. 3.The Employee Remuneration Manager's Allocation Plan for fiscal 2020.

Meeting Date (Session)	Contents of the motion and the resolution
	<ul style="list-style-type: none"> • Independent directors' opinion: No objection or unqualified opinion. •The Company's opinion on the Salary and Remuneration Committee was approved by the Chairman after consultation with all Directors present without objection.
<p>November 11, 2021 Forth time assembly of Salary and Compensation Committee</p>	<ol style="list-style-type: none"> 1. To amend the "Revitalization of Assets and Innovation Value Incentive Scheme" of the Company. 2. The "Der De Join Construction Facilitation Team" was awarded for achieving its goals. 3. The motion to review the remuneration of the Manager of the Company and its subsidiaries. the Manager, Mr. Peng Tingyu, the General Manager of Kolin Business Division, Mr. Chen Hanwen, the Manager of the subsidiaries, Action Construction and Chongqing Zhiqixin Co. Ltd.
	<ul style="list-style-type: none"> •Independent directors' opinion: No objection or unqualified opinion. •The Company's opinion on the Remuneration Committee was approved by the Chairman after consultation with all Directors present without objections.

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

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

Evaluation Item	Implementation Status(Note1)		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
1、 Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		<p>1. The company established the Foundation of Technology Culture and Education of Action to fulfill its corporate social responsibility and promote cultural and educational public welfare activities to give back to the society. In addition to the combination of technology and humanities, talent training, elite awards, care for disadvantaged groups, as well as the promotion of culture, education and public welfare activities.</p> <p>2. Sponsor or promote various charity activities from time to time, and call on employees to participate together, and regularly report to the board of directors on the implementation and operational results.</p> <p>3. Social care: Sponsor on the fund-raising concert of Ruth Special Education School in Taoyuan district, as well as the fundraising of nutritious lunches and educational funds for students.</p> <p>4. Public welfare activities: Health seminars including "Instructions for the Rehabilitation and Treatment of Bone and Juncture for the Aged", "Health Food for Common Acupoints", "Experiences on Gastroesophageal Reflux Treatment" and other seminars will be held to share new knowledge and concepts of health and technology with the public.</p>
2、 Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?		V	None
3、 Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to utilize all resources more efficiently and use renewable	V V		None None

Evaluation Item	Implementation Status(Note1)		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
<p>materials which have low impact on the environment?</p> <p>(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</p> <p>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</p>			<p>environment, and global carbonization have become increasingly serious. The company continues to promote energy-saving and carbon-reduction measures to respond to the impact of environmental changes.</p> <p>1. Import office energy-saving equipment: use energy-saving and high-efficiency LED lamps, and install thermal sensor lighting devices in public areas and office rooms to effectively reduce electricity consumption. Air-conditioning and lighting equipment turn off the lights during daily commuting and noon breaks to avoid unnecessary energy waste.</p> <p>2. Resource Utilization and Recycle</p> <p>(1) Reuse of office resources: The office can recycle and dismantle resources for reuse, including information computer equipment and parts, and donate them to social welfare groups to process and recycle to reduce ecological loading.</p> <p>(2) Packaging materials are recycled and reused and environmentally friendly packaging materials are used. Classified management is carried out according to the nature of the packaging materials, and the empty cartons of components after IQC are reused in shipping packaging to reduce environmental and ecological damage.</p> <p>(III) The company has not yet assessed the current and future potential risks and opportunities of the company in response to climate change, and hasn't taken measures to respond to climate-related issues. The company will gradually improve in the future.</p> <p>(IV) The company currently does not have statistics on greenhouse gas emissions, water consumption and total waste weight in the past two years. In the future, the company will gradually improve and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management:</p> <p>1. Adjust the air conditioner and set the constant temperature at 26 degrees according to the season to reduce the electrical loading. The company colleagues can turn off the computer, air conditioner and lighting power at will.</p> <p>2. All the office lighting use LED, which reduces the light heat and can achieve the purpose of energy saving.</p> <p>3. Advocate employees to use the stairs frequently instead of elevators.</p> <p>4. Water saving measures: The water supply device is equipped with a frequency converter to stabilize the water pressure, and the water saving valve is used to effectively reduce unnecessary water waste.</p>
			None
			None

Evaluation Item	Implementation Status(Note1)		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		
4、Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries? (3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? (4) Does the company provide its employees with career development and training sessions? (5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented? (6) Does the company implement supplier	V		None	
			5. Others: Continue to promote the Online Document Management System, reduce the amount of paper used, and use more recycled paper. (I) The company complies with labor-related laws and regulations and follows international human rights conventions, and has working rules and related personnel management regulations, covering gender equality, working rights, and prohibition of any illegal discrimination and other human rights protection regulations. (II) The company has working rules and relevant personnel management regulations, which cover the basic wages, working hours, vacations, pension payments, labor and health insurance payments, occupational accident compensation, etc. of the employees hired by the company, all in compliance with the relevant provisions of the Labor Standards Law. Establish the Employee Welfare Committee which is operated by the elected employees to handle various welfare matters; the company's remuneration policy is based on personal ability and the performance to the company's contribution. (III) The company provides employees a safe and secure working environment, and does comply with relevant laws and regulations, including the "Labor Safety and Health Law" and "Firefighting Management Measures", etc., and formulates related work rules to prevent occupational disasters; regularly (twice a year) hold the exercises of disaster emergency response according to fire control laws, handle all employees' health checks, and organize employee tours, etc. The company has set up an Employee Welfare Committee responsible for handling various welfare measures and subsidies for employees. The company also handles labor insurance, national health insurance and group insurance in accordance with the law to protect the rights and interests of employees and fully support the balanced development of their bodies, minds, and souls. (IV) The company takes long-term talent cultivation as the key, and will plan and arrange various internal and external training programs based on organizational needs, departmental needs and individual needs of employees, to improve and update employees' knowledge and skills, and to establish abundant human capital. The development of career ability, taking into account the cultivation of core professional ability and the balanced development of employees' body, mind, and soul. (V) The company has obtained the "Energy Management International Standard	None
			None	
			None	
			None	
			None	
			None	

Evaluation Item	Implementation Status(Note1)		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		
management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V	<p>ISO50001" certification. In addition to personal visits, the company website provides contact windows and e-mails of product maintenance service station. There is also a special area for stakeholders to provide channels for customer questions, complaints or suggestions. The company adheres to the principle of good faith on processing and giving feedback to protect the rights and interests of customers, and insured product liability insurance to protect the rights and interests of consumers.</p> <p>(VI) The company has set up a "Supplier Control Procedure" for the management of suppliers, which focuses on ensuring quality and product safety, and conducts regular and irregular audits on all suppliers with transactions, quality management and hazardous substance management. Assess the environmental protection, safety and health management system and performance of important suppliers, and use the company's influence to promote environmental protection and safety management on the company's major suppliers through the management of the supply chain to ensure that the suppliers comply with environmental protection, Safety and health related laws and regulations.</p>	None	
5 · Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate Sustainable Development reports? Do the reports above obtain assurance from a third party verification unit?		V	<p>The company has not yet prepared the "Sustainability Development Report", and has not obtained the assurance or assured opinion of the third-party verification unit. The company will plan to handle related matters in the near future.</p>	None
6 · Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:None				
7 · Other useful information for explaining the status of corporate Sustainable Development practices:None				

Note 1: If the operational status is checked "Yes," please explain the important policies, strategies, measures and implementations adopted. If the operational status is checked "No," please explain the reasons and explain the plan to adopt related policies, strategies and measures in the future.

Note 2: The principle of materiality refers to those who have significant environmental, social and corporate governance issues that have a significant impact on the company's investors and other stakeholders

Note3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

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

Operation status (Note 1)		The differences and reasons for the integrity management code of listed companies
Evaluation Items	Yes No	Summary description
<p>I. Formulate integrity operation policies and projects</p> <p>(I) Does the company formulate an integrity operation policy approved by the board of directors, and clearly specify the integrity operation policy and practice in regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the operation policy?</p>	V	<p>(I) The company has not formulated the "Code of Integrity Operation". The company's business philosophy and policy: with "The six spirits of enthusiasm, character, service, action, innovation, and return, etc; the definition is full of ideas, love for work, self-discipline, rigorous pursuit of truth and perfect, achieve work goals whatever they set, consistent with words and deeds, and don't make excessive promises; face problems bravely, don't make false or untrue explanations or prevarication; abide by company regulations and social norms, and handle internal and external relations with high ethical standards." Integrity Management Philosophy, senior management and the board of directors are responsible for supervision to create a sustainable business environment for the company.</p>
<p>(II) Whether the company has established a risk assessment mechanism for dishonest conduct, regularly analyzes and evaluates business activities with a higher risk of dishonest conduct in the business scope, and formulates a plan to prevent dishonest conduct, and at least covers the precautionary measures for each action in the second paragraph of Article 7 of the "Code of Corporate Integrity Management applied on the listed IPO and OTC corporate"?</p>	V	<p>(II) The "Code of Ethical Conduct" formulated by the company requires that the ethical behavior of directors and managers prevent conflicts of interest, avoid opportunities for personal gain, confidentiality obligations, fair transactions, protect and appropriately use company assets, comply with laws and regulations, and encourage reporting any illegal or violation of the code of ethical conduct, disciplinary measures, etc., directors and managers lead all staff to implement relevant regulations and regularly review the implementation status to implement the integrity management policy.</p>
<p>(III) Have the company set up operating procedures, behavior guidelines, punishment and appeal systems for violations in the plan to prevent dishonest behaviors, and implement thoroughly, and regularly review the plan before revision?</p>	V	<p>(III) The company is committed to the establishment of corporate ethics and professional ethics, conceives for each other, creates a harmonious labor-management relationship with empathy, communicates labor-management opinions, formulates management methods and operating standards, and handles the dissatisfaction of relevant employees with punishment, improper management, suggestions and complaints of violations of relevant labor laws and regulations. In addition, employee's opinion box is set up to collect employee suggestions, expand communication, and safeguard the legitimate rights and interests of labor dispute parties based on the principles of legality, fairness, and timely handling.</p>
<p>II. Implementing integrity management</p> <p>(1) Does the company assess the integrity records of its counterparties and specify the integrity behavior clauses in the contracts signed with the counterparties?</p>	V	<p>(1) The contracts signed by the company and counterparties for transaction are based on the principle of good faith. If there is any violation, the agreement will ask the manufacturer to compensate for punitive liquidated damages.</p>

Evaluation Items	Operation status (Note 1)		The differences and reasons for the integrity management code of listed companies
	Yes	No	
<p>(II) Does the company set up a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board of directors regarding the integrity management policies, plans for preventing dishonest behavior, and supervision and implementation?</p> <p>(III) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for appeal, and implement them thoroughly?</p> <p>(IV) Whether the company has established an effective accounting system and internal control system for the implementation of integrity operation, and the internal audit unit draws up relevant audit plans based on the assessment results of the risk of dishonest behaviors, and checks the compliance situation of the plan for preventing dishonest behaviors accordingly, or entrust an accountant to perform the audit?</p> <p>(V) Does the company regularly organize internal and external education and training on integrity management?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>(II) The company haven't set up a special unit but has professional managers to perform their duties as authorized, and has established a code of conduct for employees to implement the requirements of integrity operation, and the management team regularly reports the implementation status to the board of directors.</p> <p>(III) For those who possess interests and rights are dealing with the business, must inform the supervisors and avoid improper personal gain in advance to prevent conflicts of interest; when a board meeting has a conflict of interest with the directors, the directors shall withdraw from the meeting and not participate in the discussion and voting in accordance with the law.</p> <p>(IV) The company's accounting system is based on the Company Law, Securities Exchange Law, Commercial Accounting Law, securities issuer financial statement preparation standards and other relevant laws and regulations, and is formulated according to the actual situation of the company's business; the internal control system are formulated and implemented in accordance with the "processing guidelines of "The public offering company establishes internal control system " and other relevant regulations. The audit department of the board of directors also regularly checks the compliance of the accounting system and internal control system, and reports to the board of directors on a regular basis.</p> <p>(V) Organize education, training and publicity for employees to fully understand the company's determination, policies, prevention plans, and the consequences of violations of integrity. And formulate employee grievance management methods to ensure communication between employees and the company, and establish a harmonious labor relations, and build consensus.</p>
<p>III. The operation of the company's whistleblowing system</p> <p>(I) Does the company formulate a specific whistleblowing and reward system, and establish a convenient reporting channel, and assign appropriate acceptance personnel to the reported object?</p> <p>(II) Has the company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?</p> <p>(III) Does the company take measures to protect the whistleblower from being improperly treated as a result of the report?</p> <p>IV. Strengthen information disclosure</p> <p>Does the company disclose the content and promotion effect of its code of integrity management on its website and Market Observation Post System (MOPS)?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>No difference</p> <p>(I) The operation of the company has always been carried out in a fair, just and open manner. If there is any problem, it can be reported to the supervisor directly by mail, telephone or directly.</p> <p>(II) The company adopts a confidentiality mechanism for the identity of the whistleblower and the unit that accepts the content of the report.</p> <p>(III) The company's measures to prevent the whistleblower from being improperly treated as a result of the report.</p> <p>At present, relevant information is disclosed on the public information platform of the Securities and Futures Bureau, and relevant information is disclosed according to laws and regulations.</p> <p>No difference</p>

Evaluation Items	Operation status (Note 1)		The differences and reasons for the integrity management code of listed companies
	Yes	No	
<p>V. If the company has its own code of integrity management based on the "Code of Integrity Management of Listed Companies", please state the difference between its operation and the code: The company has not yet formulated a code of integrity management, but there is no significant difference in the implementation of its business philosophy and policies in accordance with relevant regulations. It will be submitted to the board of directors to formulate measures in the near future.</p> <p>VI. Other important information that helps to understand the company's integrity management operations: (such as the company's review and revision of the integrity management code, etc.): None</p>			

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

3-4-8、 If the company has formulated corporate governance codes and related regulations, it should disclose its inquiry methods:

The company has a public website. Under the project of the investor area on the webpage, there is a special area for corporate governance, and the "Articles of Association", "Ethical Standards of Conduct for Directors, Supervisors and Managers", "Endorsement Guarantee Measures", and "Fund Loan" "Procedures for working with others", "procedures for acquiring or disposing of assets", etc., are available for reference by the investing public and insiders.

3-4-9、 Other important information that is sufficient to enhance the understanding of the company's governance and operation conditions must be disclosed together:

1. The company's internal material information processing operating procedures: the company has set up the "Internal Material Information Processing Guidelines", which clearly regulates the company's internal material information processing and disclosure mechanism, and revised the relevant regulations to strengthen the prevention of insider transactions in 2019, as a director, manager and employees should follow the guidelines, and the amendments to the method has been passed with the approval of board on May 13.

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

Title	Name	Date of Appointment	Training Date	Organizer	Course Name	Training Hours
Chairman	Peng, Ting-Yu	2008/06/13	2021/10/14 2021/11/15	Taiwan Listed Company Association	Cross strait economic and trade prospects under the new situation ESG international trend and digital strategy	2 Hours 2.Hours
Director	Liu, Chiu-Chi	2011.06.24	2021/10/05 2021/10/06	Securities and Futures Institute	On the key technologies and business opportunities of quantum technology On the responsibility of directors and supervisors from the illegal cases in the securities market	3 Hours 3 Hours
Director	Tsai, Jin-Wan	2017.06.15	2021/03/15 2021/10/14 2021/10/15	Taiwan Listed Company Association	Oriental leaders' lecture "Taiwan looks forward and backward for 50 years; talent cultivation and disaster prevention" Cross strait economic and trade prospects under the new situation ESG international trends and digital strategies	2 Hours 2 Hours 2 Hours
Director	Peng, Shiu-Yun	2020.06.15	2021/10/13	Securities and Futures Institute	Relevant norms and operational practices of the audit committee The impact and response of the new labor event law on Enterprise Risk	3 Hours 3 Hours
Director	Wen, Yu-Mei	2020.06.15	2021/10/13	Securities and Futures Institute	Relevant norms and operational practices of the audit committee The impact and response of the new labor event law on Enterprise Risk	3 Hours 3 Hours
Independent Director	Min, Kui-Ling	2020.06.15	2021/09/01	Securities and Futures Institute	The 13th Taipei Corporate Governance Forum	6 Hours
Independent Director	Tang Peng-jin	2020.06.15	2021/10/12	The Institute of Internal Auditors	Matters needing attention and practice of shareholders' meeting and Company Act.	6 Hours

Title	Name	Date of Appointment	Training Date	Organizer	Course Name	Training Hours
Independent Director	Yen, Tsong-ming	2020.06.15	2021/09/15 2021/09/18	Chinese Professional Management Association of Hsinchu	Response of technology supply chain to international sanctions and prohibitions The new trend of legal compliance risk management in the digital age and the trend and practice sharing of intellectual property compliance management	3 Hours 3 Hours
Head of Corporate Governance	Chelsea chen	2021.01.01	110/10/19 110/11/30 110/12/10	Securities and Futures Institute	Practical Workshop for Directors and Supervisors and Corporate Governance Supervisors The value of information security in the era of epidemic and the Sino-US trade war. Complete Global Risk Perception - Opportunities and Challenges in the Next Decade.	12H 3H 3H

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

1. Statement of Internal Control

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

Date: March 29, 2022

Based on the results of self-check on the internal control system of the company in 2021, we hereby declare as follows:

- I. The company is sure that the establishment, implementation and maintenance of the internal control system is the responsibility for board of directors of the company and managers, and the company has established this system. Its purpose is to achieve the objectives of operation effectiveness and efficiency (including profit, performance and asset safety, etc.), reporting reliability, timeliness, transparency, compliance with relevant laws and regulations, and provide reasonability to ensure.
- II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once the defect is identified, the company will take corrective action.
- III. The company judges whether the design and implementation of the internal control system are effective in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Handling Guidelines for the Establishment of an Internal Control System by Public Offering Companies" (hereinafter referred to as the "Handling Guidelines"). The judgment items of the internal control system adopted in the "processing criteria" are based on the process of management control, which divides the internal control system into five components: 1. control environment, 2. risk assessment, 3. control operations, 4. Information and communication, and 5. Supervision. Each component includes several items. For the aforementioned items, please refer to the "Handling Guidelines".
- IV. The company has adopted the above-mentioned internal control system judgment items to check the effectiveness of the design and implementation of the internal control system.
- V. Based on the inspection results of the preceding paragraph, the company believes that the company's internal control system (including supervision and management for subsidiaries) as of December 31, 2021, includes understanding the effectiveness of operations and the extent to which the efficiency targets are achieved. The design and implementation of the internal control system that reporting is reliable, timely, transparent and complied with relevant laws and regulations are effective, which can reasonably ensure the achievement of the above objectives.
- VI. This statement will become the main content of the company's annual report and public prospectus, and will be published. If there are false or concealed content in the above disclosure, it will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Law.
- VII. This statement was approved by the company's board of directors on March 29, 2022. Among the 11 directors present, 0 of them held objections, and all of them agreed with the content of this statement and made this statement.

Action Electronics Co., Ltd

Chairman of the board : Peng,Ting Yu

General Manager : Peng,Ting Yu

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

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

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

1. (1) Important Resolutions of the 2021 Annual General Meeting of Shareholders

Date	Conference Name	Important Resolutions
2021.06.28	2021 Annual General Meeting of Shareholders	First, Recognition matters I、Recognize the 2020 Business Report and Financial Statement case. II. Recognition of the Profit Distribution Table for 2020.

(2) Review of the implementation of important resolutions of the 2021 shareholders' meeting

Date	Important Resolutions
1. Recognition of the 2020 business report and financial statement proposal	After being approved by the shareholders' meeting, it will be announced in the Market Observation Post Station (MOPS) in accordance with regulations.
2. Recognition of the Profit Distribution Table for 2020	After being approved by the shareholders' meeting, it will be announced in the Market Observation Post Station (MOPS) in accordance with regulations. The distribution of cash profit dividends to shareholders was completed in August 2021.

2. Important resolutions of the board of directors

Date	Name of the meeting	Important resolutions
2021.03.29	1st Board Meeting in 2021	1. 2020 business report, consolidated financial statements and Recognition of individual financial statements. 2. Recognition of surplus distribution in 2020. 3. Resolution on the distribution of employees' remuneration and directors' remuneration in 2020 in cash. 4. The agenda of the 2021 shareholders' meeting and the acceptance of proposals by shareholders holding 1% of the shares and other related matters. 5. The company regularly evaluates the independence of certified public accountants. 6. Bank financing extension in the first half of 2020, resolution of the board of directors. 7. The company applied for the financing limit from the first bank and the resolution of the board of directors. 8. The equity transfer of the reinvestment company " Action Technology (Ji'an) Co., Ltd." was examined by the audit committee and the resolution of the board of directors.

Date	Name of the meeting	Important resolutions
		<p>9. The company plans to sell the ordinary shares of Clientron Corp, an emerging stock company.</p> <p>10. Overdue accounts receivable, other receivables, prepayments, deposits and other circumstances shall be considered by the audit committee and resolved by the board of directors.</p> <p>11. Revise the implementation measures for employee compensation.</p> <p>12. The proposal to formulate the "salary and remuneration measures for managers"</p> <p>13. The subsidiary submitted the "application for post receivable bonus brick" which was considered by the Remuneration Committee and resolved by the board of directors.</p> <p>14. To confirm the situation that the subsidiary company submitted the "meritorious reward for our personnel in price negotiation with San Min Construction Co., Ltd." to the manager, which was deliberated by the Remuneration Committee and resolved by the board of directors.</p> <p>15. Statement of internal control system in 2020, review by the audit committee and resolution of the board of directors.</p>
2021.05.12	2nd Board Meeting in 2021	<p>1. Report on the consolidated financial statements of the group in the first quarter of 2020.</p> <p>2. Overdue accounts receivable, other receivables, prepayments, deposits, etc.</p> <p>3. Distribution of directors' remuneration in 2020.</p> <p>4. Recognize the subsidiary and issue the "meritorious reward for our personnel negotiating with San Min Construction Co Ltd".</p> <p>5. "Dede joint construction facilitation team" target achievement project award</p> <p>6. The case of the company and its subsidiary Action construction Co., Ltd. leasing and obtaining real estate right-to use assets from related parties.</p> <p>7. Replacement of CPAs.</p>
2021.06.29	3rd Board Meeting in 2021	Proposal to postpone the date of the 2021 regular meeting of shareholders. Extended to August 5.
2021.08.12	4th Board Meeting in 2021	<p>1. The company's accounting supervisor resigned to make up for the appointment.</p> <p>2. The group's consolidated financial statements report for the second quarter of 2021.</p> <p>3. 2021 CPAs' fee case.</p> <p>4. Remuneration of managers of the company and subsidiaries</p> <p>5. Bank financing rollover plan for the second half of 2021.</p> <p>6. The company endorses the guarantee case for the subsidiary company "Yayi Electronics (Shenzhen) Co., Ltd".</p> <p>7. The company applied to China Trust Bank for a guaranteed letter of credit quota case.</p> <p>8. The company and its subsidiaries' 2019 employee compensation manager allocation plan.</p>

Date	Conference	Important Resolutions
2021.11.11	5th Board Meeting in 2021	<ol style="list-style-type: none"> 1. Consolidated financial report for the third quarter of 2021. 2. The "Dede Co-construction Project" promotes the group's goal to achieve project incentives. 3. Revise the company's "Incentive Measures for Activating Assets and Innovating Value" case 4. Review of the remuneration of the managers of the company and its subsidiaries. 5. Overdue situations such as accounts receivable, other receivables, advances, deposits and deposits, etc. 6. Revise the management plan for the preparation of financial statements. 7. Revised management measures for changes in accounting project judgment, accounting policies and estimates 8. 2022 audit plan. 9. The appointment of the company's chief financial officer.
2021.12.16	6th Board Meeting in 2021	<ol style="list-style-type: none"> 1. The 2022 operating plan and schedule are considered by the Board of Directors.
2022.3.29	1st Board Meeting in 2022	<ol style="list-style-type: none"> 1. 2021 Business Report and Consolidated Financial Statements and Recognition of Individual Financial Statements. 2. Recognition of surplus distribution in 2021. 3. 2021 Employees' remuneration and directors' remuneration distribution, the resolution will be paid in cash. 4. The agenda of the 2022 Annual General Meeting of Shareholders and the acceptance of proposals from shareholders holding 1% of the shares and other related matters. 5. The Company periodically evaluates the independence of the certifying accountant. 6. Board resolution on the extension of bank loans for the first half of 2022. 7. Overdue accounts receivable, other receivables, prepayments and refundable deposits are considered by the Audit Committee and resolved by the Board of Directors. 8. To amend some of the provisions of the "Procedures for the Acquisition or Disposal of Assets for Disposal". 9. Amended the Group Business Plan 2022. 10. The Company leased the right-to-use assets to its subsidiary, Realise Tech-Service Co., Ltd. 11. Statement of Internal Control for 2021, Audit Committee Review, Board Resolution. 12. To amend certain provisions of the "Internal Control System" of the Company, as reviewed by the Audit Committee, by resolution of the Board of Directors.

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

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

Title	name	date of appointment	date of dismissal	reason for resignation or dismissal
Finance manger	C.C. Wang	2010.1-.12	2022.05.01	personal career planning

3-5、Information Regarding Independent Auditor:

3-5-1、CPA's Fee

Accounting Firm	Name of CPA		Audit Period	Remark
Baker Tilly Clock&Co	Sam Wu	Janet Peng	110.01.01~110.03.31	
PricewaterhouseCooper Taiwan	Lin Yahui	Wu Hanqi	110.04.01~110.12.31	

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

Unit : NT\$ thousand

Category		Audit Fee	Non-audit Fee	Total
Amount				
1	Less than 2,000,000		1,318	1,318
2	2,000,000 (inclusive) ~4,000,000			
3	4,000,000 (inclusive) ~6,000,000	5,901		5,901
4	6,000,000 (inclusive) ~8,000,000			
5	8,000,000 (inclusive) above			

Unit : NT\$ thousand

Auditing Firm	Name of CPA	audit Fee	Non-audit Fee	Subtotal	CPA audit's period	Remark
Baker Tilly Clock & Co	Sam Wu Janet Peng	601		601	110.01.01~ 110.03.31	
PricewaterhouseCooper Taiwan	Lin Yahui Wu Hanqi	5,300	1,318	6,618	110.04.01~ 110.12.31	

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

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

* Taxation and business consulting service fees for equity transfer of the company's investment company in mainland China are NT1,218,000

* Non-audit public expenses are non-full-time employees who hold supervisory positions Salary information accountant visa fee NT100,000.

Note3 : If the CPA Firm Changes, and the Audit Fee Paid in the Year of such Change Is Reduced from the Audit Fee of the Previous Year: N/A

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

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

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

3-6、 Replacement of CPA

A. Regarding the former CPA

Replacement Date	May 13, 2021		
Replacement reasons and explanations	T In response to the company's long-term strategic development and internal management needs		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	Appointment terminated by the company	
	No longer accepted (continued) appointment	voluntarily	
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	✓	
	Remarks/specify details:		
Other Revealed Matters	None		

B. Regarding the successor CPA

Name of accounting firm	PricewaterhouseCooper Taiwan
Name of CPA	Lin Yahui and Wu Hanqi
Date of appointment	May 24, 2021
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3-7、The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2021.

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

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

Unit : Share

Title (Note1)	Name	2021		As of 3.31.2022	
		Net Change in shareholding	Net Change in shares pledged	Net Change in shareholding	Net Change in shares pledged
Chairman	Peng, Ting-Yu	50,000	0	0	0
Director	Peng, Chiun-Ping	0	0	94,000	0
Director	Chao, Teng-Pang	0	0	0	0
Director and General Manager	Hsu,Wen-Tang	0	0	0	0
Director	Liu, Chiu-Chi	0	0	0	0
Director	Wen, Yu Mei	0	0	0	0
Director	Peng, Hsiu-Yun	0	0	0	0
Director	Shin Chuan Yuan Investment Co.,Ltd Representative: Tsai, Jin Wan	0 0	0 0	0 0	0 0
Director	Hsu,Wen-Tang	0	0	0	0
Director	Liu,Chiu-Chi	50,000	2,100,000	0	0
Independent Director	Tang, Peng-Chin	0	0	0	0
Independent Director	Min, Kuei-Ling	0	0	0	0
Independent Director	Yen, Tzong-Ming	0	0	0	0
VP	Peng,Jeffery	0	0	0	0
VP	Amme-chuo	0	0	0	0
Accounting Officer	Huang,Chun-Lan	0	0	0	0

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

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

(2) Shares Trading with the related Parties

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

(3) Shares Pledged with the Related Parties

1. The pledge of equity of the company, directors and supervisors; as of March 31, 2022, Director Liu,Chiu-Chi the pledge of equity was 2,100,000 Share.
2. Shareholders who hold more than 10% of the company's shares; none.

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

4.26.2022

Unit : Share ; %

Name (Note1)	Shares Held		Share Holds By Spouse & Minor		Shares Held in the name of others		Relationship between the Company's top 10 shareholders who are either related parties, spouse, relatives within the second degree of Kinship. His/her/its name and relationship (Note3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Peng Chiun-Ping	20,689,303	7.46	5,187,000	1.87	—	—	Lee, Li Peng, Ting-Yu	Spouse Father & Daughter	
TA PO Investment Limited Representative: Peng, Jeffery	16,604,170	5.99	—	—	—	—	Lee, Li	In person	
Hsu, Jin-Zhi	6,000,000	2.16	—	—	—	—	—	—	
Lee, Li	5,187,000	1.87	20,689,303	7.46	—	—	Peng Chiun-Ping Peng Ting-Yu TA PO Investment Limited Representative: Peng, Jeffery	Spouse Mother & Daughter Mother & Son	
Peng, Ting-Yu	4,331,983	1.56	—	—	—	—	Peng Chiun-Ping Lee, Li	Father & Daughter Mother & Daughter	
Rechi Investment Co., Ltd	4,145,718	1.50	—	—	—	—	—	—	
Liu, Chiu-Chi	3,136,000	1.13	—	—	—	—	—	—	
Wen, Yu Mei	2,261,000	0.82	—	—	—	—	—	—	
Xu, Jin-Ru	2,083,717	0.75	—	—	—	—	—	—	
Chen Qichuan	1,932,000	0.70	—	—	—	—	—	—	

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

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

Note3 : According to Regulations Governing the Preparation of Financial Report by Securities Issuers, the relationships

among the shareholders as disclosed before including judicial persons and nature persons shall be disclosed

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

Long-term investment ownership

4/26/2022

Unit : Share ; NT\$

Long-term Investments (Note)	Ownership by The Company		Ownership by Directors, Supervisors, Managers directly/indirectly owned subsidiaries		Total ownership	
	Shares	%	Shares	%	Shares	%
ACTION ASIA LIMITED	149,511,976	61.54%	93,452,231	38.46%	242,964,207	100.00%
ACTION INDUSTRIES (M) SDN. BHD.	-	-	13,200,000	100.00%	13,200,000	100.00%
SHANGHAI ACTION TECHNOLOGY CO.,LTD	-	-	140,840,981	100.00%	140,840,981	100.00%
ACTION ASIA (SHENZHEN) CO., LTD	-	-	33,711,997	100.00%	33,711,997	100.00%
DEDE TECHNOLOGY (SHENZHEN)CO.,LTD	-	-	44,000,000	40.00%	44,000,000	40.00%
Action Intelligent (Shenzhen) Co.,Ltd	-	-	400,000	100.00%	400,000	100.00%
ATZ Electronics Co., Ltd	-	-	1,895,670	51.00%	1,895,670	51.00%
ASD ELECTRONICS LIMITED	-	-	4,175,000	100.00%	4,175,000	100.00%
ALMOND GARDEN CORP.	14,500,000	100.00%	-	-	14,500,000	100.00%
Far Year Construction Co.,Ltd	20,000,000	100.00%			20,000,000	100.00%
REALISE TECH-SERVICE.,LTD	6,000,000	100.00%	0	0	6,000,000	100.00%

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

Note2: The shares of overseas subsidiaries was calculated by paid-in capital in NT dollars

IV、Capital and Shares

4-1-1 Capitalization

1. Sources of Capital

As of 4.26.2022
Unit:NTD,,share

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

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

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

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

2.Type of Stock

Unit : Shares

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

3. Related information of the general declaration system: None

4-1-2、Composition of Shareholders

4.29.2021

Unit : people/share

Numbers	Type of shareholders	Government Agencies	Financial institutions	Other Juridical Persons	Natural Persons	Foreign institutions and natural persons	Total
	Number of shareholders		2	0	144	41,224	441
Shareholding		25	0	28,017,647	246,027,682	3,112,142	277,157,496
Holding Percentage		0.00	0	10.11	88.77	1.12	100.00

Note: The latest closing date for stock of transfer was 4/16/2020

4-1-3、Distribution Profile of Share Ownership

Par Value at NT\$10/share

4.26.2022

Unit : share

Shareholder Ownership	Number of Shareholders	Ownership	Ownership Percentage%
1 - 999	26,207	1,571,013	0.57
1,000 - 5,000	9,935	22,236,069	8.02
5,001 - 10,000	2,373	18,416,178	6.64
10,001 - 15,000	907	11,283,365	4.07
15,001 - 20,000	507	9,303,678	3.36
20,001 - 30,000	508	12,959,221	4.68
30,001 - 40,000	221	7,906,913	2.85
40,001 - 50,000	146	6,784,428	2.45
50,001 - 100,000	302	21,989,052	7.93
100,001 - 200,000	156	21,981,477	7.93
200,001 - 400,000	77	21,058,758	7.60
400,001 - 600,000	23	11,442,718	4.13
600,001 - 800,000	10	7,047,431	3.54
800,001 - 1,000,000	8	7,207,868	2.60
1,000,001 - 999,999,999	32	95,969,327	34.62
Total	41,412	277,157,496	100.00
Shareholding under 1/1000	41,308	145,364,357	52.45
1,000-50,000	14,597	88,889,852	32.07
1,000-9,999,999,999	15,205	275,586,483	99.43

Preferred share: None

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

As of April 26,2022

Name of Major shareholders	Shares	Total share owned (shares)	Ownership (%)
Peng, Chiun-Ping		20,689,303	7.46%
TA PO Investment Ltd		16,604,170	5.99%
Hsu, Jin-Zhi		6,000,000	2.16%
Lee, Li		5,187,000	1.87%
Peng, Ting-Yu		4,331,983	1.56%
Rechi Investment Co., Ltd		4,145,718	1.50%
Liu, Chiu-Chi		3,136,000	1.13%
Wen, Yu-Mei		2,261,000	0.82%
Xu, Jin-Ru		2,083,717	0.75%
Chen Qichuan		1,932,000	0.79%
Total		66,364,891	23.94%

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

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

Unit : NT\$; Thousand shares

Item		Year	2020	2021	As of March 31, 2022	
Market price Per share (Note1)	Highest Market price		12.95	18.05	14.1	
	Lowest Market Price		5.57	9.86	11.9	
	Average Market Price		9.86	13.06	12.94	
Net Worth Per share (Note2)	Before Distribution		9.43	10.23	10.47	
	After Distribution		9.33	9.93		
Earnings Per share	Weighted average shares(thous and shares)	277,158	277,158	277,158	277,158	
		277,158	277,158	277,158	277,158	
	Earnings pershare Note 3	Diluted EPS		0.17	0.75	0.07
		Adjusted diluted EPS		0.15		
Dividends Per share	Cash Dividends(Note9)		0.10	0.3	N/A	
	Non-paid Dividend	Dividend from retained earning	-		N/A	
		Dividend from from capital surplus	-		N/A	
	Accumulated Undistributed Dividend(Note4)		-		N/A	
Return on Investment	P/E Ratio(Note5)		58.00	17.41	N/A	
	Price/ Dividend ratio(Note 6)		98.60	43.53	N/A	
	Cash Dividend Yield(Note7)		0.01	0.023	N/A	

- * If there are shares assigned with earnings or upon capital increase with capital reserve, information of the market price and cash dividends adjusted retroactively according to the number of shares issued shall also be disclosed.
- Note 1: The highest and lowest market prices of common stock each year are shown and the annual average market price is calculated according to the strike price and the trading volume in each year.
- Note 2: Please fill in distributions decided in the Boards' meeting of the following year according to the number of shares that were already issued for the specific year.
- Note 3: If retroactive adjustments are required because of free share distribution, earnings per share before and after adjustments shall be shown.
- Note 4: For the equity shares issuance criteria, if there are requirements that dividends not distributed for a specific year can be carried over to the year with earnings, the dividends that have not been paid up to the said year with earnings shall be disclosed separately.
- Note 5 : $\text{Price / Earnings Ratio} = \text{Average Market Price} / \text{Earnings per Share}$
- Note 6 : $\text{Price / Dividend Ratio} = \text{Average Market Price} / \text{Cash Dividends per Share}$
- Note 7 : $\text{Cash Dividend Yield Rate} = \text{Cash Dividends per Share} / \text{Average Market Price}$
- Note 8 :For the net value per share and earnings per share, data inspected (reviewed) by CPAs from the latest quarter up to the date of printing of the Annual Report shall be provided. For the other columns, data of the immediate year up to the date of printing of the Annual Report shall be provided
- Note9:The Board was held on 3/29/2022 to propose to distribute cash dividends of NT\$0.3 per share for 2020

(6)Dividend Policy and Implementation Status

1. Dividend policy

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

2.Proposed Distribution of Dividend through the current shareholders' meeting: The Board has adopted a Proposal for Distribution of 2021 Profits on 3/29/2022.

Action Electronics Co.,Ltd
PROFIT DISTRIBUTION TABLE
Year 2021

Unit : NT\$ thousand

Items	Amount	Remarks
Beginning retained earnings	\$ 2,563,087	
Add: Other comprehensive gains and losses(Determine the actuarial profit and loss of the benefit plan)	2,156,944	
Disposal of financial assets at fair value through other comprehensive profit or loss	1,517,907	
Net profit after tax	208,540,350	
Earnings available for distribution	212,215,201	
Less: 10% legal reserve	-21,221,520	
Special reserves	-2,563,087	
Distributable net profit	190,993,681	
Distributable items:		
Dividend to shareholders	-83,147,248	
Unappropriated retained earnings	\$ 107,846,433	

1. The Company proposed to distribute Cash dividends of NT\$0.3 Per share for 2021 which amounted to NT\$ 83,147,248 in total
2. After approval of the Annual Shareholders' Meeting, it is proposed that Chairman will be authorized to resolve the ex-dividend date and handle distribution affairs for cash dividend
3. Cash dividends paid to each individual shareholder will be rounded down to the nearest dollar. Fractional shares with a value less than one dollar are recognized as the Company's other income.
4. If the company repurchase stocks of the Company or convert or retire treasury stocks that give impacts on the outstanding shares number to make distribution rate /per stock change, the Company authorizes the chairman to adjust the distribution yield of shareholders according to the resolution for distribution amount and of actual outstanding share number in shareholders' meeting.

Chairman :

General Manager :

Accounting Officer:

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

(8) Remunerations for employees, directors:

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

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

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

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

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

3. Remuneration distribution approved by the board of directors:

(1) Remuneration for employees, directors and supervisors is distributed in cash or stocks.

If there is a discrepancy between the estimated annual and the recognized amount of expense, the discrepancy, reason and handling situation should be disclosed:

On March 29, 2021, the board of directors approved NT\$2,591,526 for employee remuneration and NT\$2,073,221 for directors to be paid in cash. Differences between the actual and estimated figures will be included in the next year's profit and loss. The relevant information approved by the board of directors will be disclosed in the Market Observation Post Station (MOPS) for reference.

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

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price), and the difference between the actual distribution and the recognized remuneration of

employees, directors and supervisors, the numbers of the difference, the reasons, and the processing situation should be stated.:

In the previous year, the bonus for employees was NT\$3,017,821 and the bonus for directors was NT\$2,414,257. The actual amount paid was consistent with the resolution of the board of directors.

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

4-2 、Corporate Bond: None

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

4-4 、Global Depositary Receipt:None

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

1 Issurance of employee stock option: None

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

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

4-7 、Implementation of Capital Utilization Plan

V 、 Operation Overview

5-1 、 Business content:

5-1-1 、 Business scope:

1. Main business content: sales, maintenance, installation and service of various household appliances for the main business items of the company and its subsidiaries. Manufacturing, processing and trading of automotive audio-visual electronic products; warehousing and logistics services and asset development, etc.

2. Operating proportion: (Group)

Unit: NT\$ thousand; %

Product Item	2021 Group Consolidated Amount	
	Net revenue	Revenue proportion (%)
Sales revenue of automotive electronics manufacturing business system	\$ 664,313	43
Sales revenue of brand management and service business system	735,455	48
Sales revenue of warehousing and logistics business system	136,224	9
Total	\$ 1,535,992	100

3. The current products:

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

- (1) Automotive electronics manufacturing business system: With Malaysia's Markin plant of ACTION INDUSTRIES(M)SDN.BHD. and Shenzhen plant of Action Asia Co., Ltd. as the center of operation, R&D, manufacturing and sales of automotive electronic audio-visual entertainment systems and portable multimedia products.
- (2) Brand management and service business system: With Taiwan Kolin brand management and Realise Tech Services Co.,Ltd.(瑞林) as the core, brand management continues to "discover with heart and enjoy the beauty of Taiwan" as the main axis, enhance brand marketing, migrate innovation and differentiation and develop competitive products with high CP value, and intensively cultivate channel operations to increase revenue and profits.
- (3) Asset activation business system (including warehousing and logistics system): Action Group owns many plant assets in Taiwan and abroad. For example, the SHANGHAI ACTION TECH CO., LTD has transformed to provide international warehousing equipment and high-quality environment for migration of International brand customers, ACTION TECHNOLOGY (Ji'an) CO., LTD has also been successfully sold in 2021, which will make a significant contribution to the Group's profit and cash flow in 2021, etc., which can create stable cash flow and profits for the group every year. In addition, in response to the large-scale return of Taiwanese businessmen and followed the renewal of three-dimensional industrial zone development plan of the government, the former headquarters of Action Group has been planned to build two new factory and office buildings, and is committed to promoting industrial upgrading. The headquarters of Taoyuan Zhongli is planned as a "New Type of Industry 4.0" industrial park in the

northern Taiwan region that integrates R&D, Maker, Artificial Intelligence (AI), Internet of Things (IOT), Big Data, and aggregates R&D, exhibition and sales, and passenger flow.

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

Build a R&D team to develop AI smart home appliances, such as Voice-activated TV, air Conditioner and other smart home appliances.

5-1-2 、 **Industry overview:**

1. **Current status and development of the industry**

(1) In recent years, the Internet of Things has become the most important trend in technological development. Through the convenience of voice-controlled human-computer interaction, smart home appliances and smart homes are even more important development projects. In order to enhance the competitive advantage, the company has invested a lot of resources to "upgrade" home appliances. Users can voice control, providing consumers with a more convenient life.

(2) The company's automotive audio-visual products are mainly used in the refitting market such as RV campers and yachts. According to industry research reports, the market for electronic recreational vehicles is estimated to exceed US\$69 billion in 2027. According to preliminary statistics, the market size in 2020 will be approximately US\$57.5 billion. Among them, the US market will be worth US\$16.9 billion in 2020, and the Chinese market will also grow rapidly. It is estimated that the market will reach US\$12.3 billion in 2027. As income increases in Europe, the United States, Japan and China, consumers will pay more attention to outdoor recreation and entertainment. This market is expected to grow.

2. **The relevance of the industry's upstream, midstream and downstream**

(1) Important raw materials and related suppliers in the electronics manufacturing industry

A. The main raw materials of consumer electronics products are panel driver ICs, small and medium-sized panels, printed circuit boards, backlight modules, etc.

B. The company mainly cooperates with the bundle sale of Internet + mobile multimedia player equipment. It belongs to the midstream of the industry. Its upstream is related components and materials. In response to market demand, the downstream sales targets are mostly customers, channels or importers.

(2) Industrial structure and supply and demand of branded goods and channel services

A. In the consumer electronics industry, the upstream is related to components and materials, the midstream is the manufacturer, and the downstream is the distributor or importer.

B. In 3C product channels, upstream are manufacturers of home appliance products, film and audio products, information products, and communication products, and downstream are direct sales stores such as wholesale selling products to consumers.

C. Home appliance repair service such as Realise Tech Service Co., Ltd. by offering professional service and brand service bears responsibilities of customer satisfaction after-sales service, and improves the comprehensive synergy of brand + channel + service.

3. **Various development trends and competitive situations of products**

(1) In pace with the advancement of science and technology, the significance of home appliances has changed from "need" to "convenience", and the standards of energy saving and environmental protection continue to upgrade and consumers need different home appliances. Therefore, the development of Taiwan home appliances is an inevitable trend

in digitalization; not only this but also personalization, youthful, economical, convenient to use, catch up with the popular, those are what consumers care about. The most important thing for the Kolin brand to return to the market is to put aside the baggage of traditional home appliances in the past and move towards consumers and the new generation.

- (2) The main content of the business: research and development and sales of electrochemical products, digital electronic products, small household appliances, information and various communication products.
- (3) Product competition situation: Competing manufacturers of home appliances include Datong, Sampo, TECO, Chi Mei, Sanyo, etc.

5-1-2 、 Technology and R&D Overview:

Electronic manufacturing business system:

1. Research and development expenditures in the last two years

			Unit: NT\$ Thousand
Year	2021	2020	As of the publication date of the annual report, the R&D expenditure in the first quarter of 2022 was NT\$5,239.
Amount	34,438	31,584	

2. Successfully developed products or technologies

- (1) The main product of Malaysia's Markin plant of ACTION INDUSTRIES(M)SDN.BHD. is Mobile Video (DVD/USB/HDMI/AV/GAME), and it is constantly developing new models, such as Android OS/10.1 inch back-to-back infotainment Products, ODM81011/10.1 inch in-vehicle ceiling-mounted entertainment multimedia player, 8-inch headrest & 10.1-inch ceiling-mounted Android OS in-vehicle infotainment products, OHM60902 (P6-20) 9-inch ceiling-mounted car entertainment products, multimedia player and so on.
- (2) Shenzhen plant of Action Asia Co., Ltd. and ACTION INTELLIGENT (SHENZHEN) VO., LTD. cooperate to develop AI smart home appliances. Smart home appliances take the lead to set up advanced central control systems to integrate smart switches, smart lights, smart curtains, smart TVs, smart air conditioners, smart audio, etc., recently has completed development of smart speakers, smart coffee machines, smart TVs, air conditioners, etc. will be launched into the market one after another.
- (3) Kolin Brand of Action Group assembles, tests and adjusts various refrigerators by itself in response to market demand, controls the manufacturing process, and ensures product delivery and quality.
- (4) SHANGHAI ACTION TECH CO., LTD., positioned as warehousing industry, has established an international logistics environment to serve the logistics of major companies in mainland China.

5-1-2-3 、 **Long-term and short-term business development plans:**

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

Short-term business development plan:

- (1) Electronic manufacturing business system: Based on the Macinese plant in Malaysia, to promote the development of automotive electronics, marketing strategies to develop

automotive multimedia products, multi-point marketing with the same model, exclusive management, and integration of automotive entertainment products into automotive platform products as In-car Platform products.

- (2) Shenzhen plant of Action Asia Co., Ltd. established the R&D team to facilitate the development of the group and strengthen the development of automotive and smart home appliances.
- (3) Channel service business system: Kolin brand of Taiwan Action Group and Realise Tech Service Co., Ltd. are the main roleplayer to promote popularity of Kolin brand through diversified operation of brand management, boost flexible channel sales, actively develop niche products and markets, and find out the niche channels.
- (4) Activate assets, gradually activate land assets in Zhongli, Shenzhen, Shanghai, Jiangxi... and other places to inject more fresh water into enterprises. SHANGHAI ACTION TECH CO., LTD., positioned as a warehousing and logistics center, has grown steadily; the land development of Taiwan headquarters, and the establishment of "ACTION ASIA DEVELOPMENT CO., LTD." the company's positioning, functions, organizational structure and operation plan have been set up and a "New Type of Industry 4.0" industrial park integrating R&D, exhibition and sales will be completed within 3-5 years.

Long-term business development plan

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

5-2、Market and production and sales overview:

5-2-1、Market analysis:

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

Unit: NT\$ Thousand

Year	Sales Area	2021		2020	
		Net Revenue	Percentage	Net Revenue	Percentage
Export	Asia	141,267	9.20	133,687	10.44
	America	521,104	33.93	347,995	27.17
	Others	138,157	8.99	64,091	5.00
Domestic		735,464	37.88	735,104	57.39
Total		1,535,992	100.00	1,280,877	100.00

- (1) The proportion of sales area of the automotive electronics manufacturing business system, the America occupies 78% and others are 22% in 2021.
- (2) The products of the channel service business system are mainly for domestic sale. In terms of channels, including traditional dealer's channel 52%, wholesales 16%, and others 32%.

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

Electronics manufacturing industry:

(1) Operational policy : The business philosophy of specialization, simplicity, and profitability, resource integration, new achievements, restart of research, production, and sales, and teamwork spirit to achieve annual goals.

(2) Marketing allocation:

Action Asia Shenzhen Factory: Steady innovation of existing product lines, involvement of voice intelligent products; maintenance of existing customers, development of customers in China and other new markets.

Markin Plant: Strengthen the development of the ASEAN vehicle manufacture market, expand the mobile video business in Southeast Asia, India, the Middle East and Africa, and strengthen service on major customer, as well as the control of delivery and quality of finished products.

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

A. Favorable factors: OEM/EMS business of Action Asia Shenzhen Factory and Markin Plant, and has won the award of high quality level and best production partner in the industry, and the factory is located in Southeast Asia, which has a geographical competitive advantage toward on RCEP and the Sino-US trade war.

B. Unfavorable factors: The price and availability of raw materials are affected by the pandemic of COVID-19, and the delivery period is relatively lengthened.

C. Countermeasures: establishing long-term cooperative relations with customers and suppliers and have advanced preparations for materials and components.

Channel Service Industry:

(1) Management policy:

A. Expand the brand value of the Kolin brand, strengthen online sales channel operations, and combine the advantages of after-sales service and logistics to provide consumers with the best overall service.

B. Short-term business development plan:

Product quality and differentiation: strengthen product appearance, more refined functions, and promote brand value. Home appliances are not just home appliances, but also an important part of the home living environment.

Strengthen service: promote the company's brand image through quick service and friendly service.

(2) Marketing allocation:

A. The sales areas of the products are mainly domestic sales. In addition to the Kolin brand, there is also the German high-end brand AXION to meet the needs of different consumer levels

B. Proportion of channels: domestic sales of traditional dealer channels occupied for 52%, wholesales are 16 %, e-commerce is 27% and project is 5 %.

C. The future situation of supply and demand and growth of the market

*LCD TVs continue to move towards large-size 4K smart development.

*Environmental protection and energy saving are the main demands of consumers.

*Health, health preservation, easy operation, time saving, and personalization are still the development direction of small household appliances.

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

A. Favorable factors:

a.. The Kolin brand has a certain popularity

- b. Have an excellent after-sales service team and logistics cooperation partners
- B. Countermeasures:
 - c. Pay attention to and grasp the needs of consumers, combine with external cooperative manufacturers, and rapid innovation and development.
 - d Focus on innovation, and constantly try new methods in product immigration, sales mode, and marketing operation willingness.
 - e As the Internet widespread, and the ways on selling products are diversified. It is possible to approach consumers who has different needs in a more delicate manner.

Warehousing and logistics business system: Focus on development of “Shanghai Action Tech co., Ltd”

1. Main business items: warehousing and logistics services.
2. Business strategy: Establish a linkage mechanism with customers in the park and improve the park property management standards. °
3. Long-term and short-term business development plan:
 - (1) Maintain a good relationship with customers in the park and improve the park property management standards.
 - (2) Stabilize customers in the park and maintain the utilization rate over 95%.
4. Market overview and analysis

Based on business establishment and development prospects, logistics and warehousing services of SHANGHAI ACTION TECH CO., LTD. have won praises and strong support from local governments, and the customer utilization rate has been stable, maintaining more than 95%.

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

1. Important uses of main commodities:

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

In information/home appliances products, mobile communications have already become one device for humans, and computer products are essential for study and work. Home appliances are inseparable from every household’s life. These products combined with the Internet of Things will be continued to develop more that is closely related to all consumers’ life.

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

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

The key components of the company’s products are purchased through direct negotiations with the original manufacturer to ensure normal supply and maintain price advantages. The supply of various raw materials is also maintained by two or more suppliers to avoid control of the source of goods, and maintain the flexibility of bargaining. So far, the company and the suppliers have been able to maintain good interaction.

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

(1) Major Suppliers: There was no signal supplier exceeding 10% of the total value of purchase of 2020&2021

(2) Major Customers in the Last Two Calendar Years

Unit : NT\$ thousand

No	Customer	2021			2020			%
		Net Revenue	Relation to The Company	%	Name	Amount	Relation to The Company	
1	Customer A	\$ 262,992	None	17	Customer A	114,785	None	9
2	Customer B	155,208	None	10	Customer B	224,651	None	18
3	Others	1,117,792		73	Others	941,441		73
	Total Net Revenue	\$1,535,992		100	Total Net Revenue	1,280,877		100

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

Unit:Sets ;NT\$ thousand

Year	2021			2020		
Qty/Value	Capacity	Production Quantity	Production Value	Capacity	Production Quantity	Production Value
Main Product						
Revenue of automotive electronics manufacturing business system	145,763	145,763	418,231	80,429	80,429	154,298
Total	145,763	145,763	418,231	80,429	80,429	154,298

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

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

Unit:set;NT thousand

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

Unit:set;NT thousand

Year	2020			
Sales Qty/Value Main Products	Domestic		Export/	
	Qty	Value	Qty	Value
Revenue of automotive electronics manufacturing business system			74,274	413,522
Revenue of brand management and service system	128,086	728,110		
Revenue of warehousing and logistics business system				139,245
合計	128,086	728,110	74,274	552,767

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

Year		2020	2021	As of 4.30.2022
Number of employees	Staff	290	304	304
	Operator	121	128	128
	Total	411	432	432
Average age		47.13	46.09	46.09
Average seniority in service		8.05	5.43	5.43
Educational Distribution Ratio	Ph.D	0.0%	0.0%	0.0%
	Master	4.60%	4.40%	4.40%
	College and University Graduate	42.4%	46.60%	41.10%
	Senior high/vocational high school graduate	53.0%	48.80%	54.50%

5-4 、 Expenditure on Environmental protection

1. In the most recent year and as of the publication date of the annual report, the company's process of improving environmental pollution. If there is a pollution dispute, the process of handling:

Except for general and business waste, the company has no other pollution sources such as sewage and waste. The company currently entrusts qualified garbage disposal subcontractor to deal with general business waste, and the disposal situation is good.

The company is located in the Zhongli Industrial Zone, and the sewage discharged by the company is handled in the sewage treatment plant of the management center in the industrial zone.

2. In the most recent year and as of the publication date of the annual report, the total losses (including compensation) and the total amount of disposal suffered from environmental pollution, shall be disclosed the future countermeasures and possible expenditures: none.

3. The current pollution situation and its improvement influence on the company's earnings,

competitive position and capital expenditure: none.

4. The most recent year and as of the publication date of the annual report, estimated major capital expenditures on environmental protection: none.

5-5 、Labor-Management Relations

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

1. Various welfare measures for employees:

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

(1) Vacation: The seniority leave (special leave) is stipulated in the Labour Standards Law.

(2) Education and training of employees.

(3) Education awards and grants: education awards for employees and their children.

(4) Cash Gifts: cash rewards (vouchers) or gifts for three festivals, weddings, funerals and festive event.

(5) Employee Insurance: labor insurance, national health insurance, employee group medical insurance and accident insurance.

(6) Bonuses: rewards for outstanding employees, year-end bonuses, rewards for senior employees, and employee bonuses.

(7) Grant application; hospitalization condolences.

2. Retirement system:

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

3. Other important consultation status:

(1) The company is applicable to the Labor Standards Law, and all operations are conducted based on the Labor Standards Law.

(2) The company has set up an Employee Welfare Committee. Through the Employee Welfare Committee, the company allows employees to understand the company's operating conditions. Employees also express their opinions through the welfare committee, so that they can mutually and fully understand and communicate with each other.

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

5-6 、 Cyber security management

(a) Describe the cyber security risk management framework, cyber security policy, specific management plan and resources invested in cyber security management.

1. Cyber security risk management framework:

In order to promote the Company's information security management, ensure the security of data, systems, equipment and networks, and protect the rights of consumers, the Company intends to establish an Information Security Management Review Committee and an Information Security Management Promotion Team.

2. Cyber security policy:

The goal of cyber security is to protect the sensitivity, integrity and availability of the Company's business information and other sensitive data from any intentional or accidental threat or destruction without the knowledge of internal or external parties, and to achieve the following goals through the joint efforts of all employees, internal and external information service users and external service providers.

(1) To ensure the accuracy of all business information:

To establish compliance with the Company's strategy, risks, statutory, regulatory and contractual requirements.

(2) To ensure the continuous operation of information systems and services: The management of quantitative indicators is implemented to ensure proper response, control and handling of incidents.

(3) The goal of increasing employee awareness of information security and reducing the risk of information use:

The Company shall establish an education and training program to provide regular or occasional education and training to the Company's personnel and shall announce the importance of information security and personal data protection.

(4) To ensure that the Company complies with the laws and regulations related to information security requirements and personal data protection and the requirements of the competent authorities: The "Information Security Management Review Committee" conducts a management review at least once a year to review the implementation status of this policy to ensure the effectiveness and appropriateness of this policy and measures.

3. The above initial plans have been prepared, but the Company has not yet formally implemented them, pending their preparation by the relevant planning staff.

5-7 、 Important Contract : None

VI 、 Financial Results

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

(1)Condensed Balance Sheet and Comprehensive Income-Consolidated

1. Condensed Balance Sheet-Consolidated

Unit: NT\$ thousands

Item	year	Financial Summary for The Last Five Years					As of the printing date of this annual report(note3)
		2017	2018	2019	2020	2021	
Current assets		1,199,898,	1,595,262	1,317,063	1,403,482	2,198,507	2,306,256
Property, Plant and Equipment		363,251	270,044	281,167	176,803	162,983	171,237
Intangible assets		245,371	238,761	239,868	225,771	219,380	217,758
Other assets		2,216,437	1,874,736	1,929,889	1,903,648	1,779,985	1,831,288
Total assets		4,024,957	3,978,803	3,767,987	3,709,704	4,360,854	4,526,539
Current Liabilities	Before distribution	1,196,036	1,055,032	876,707	892,079	980,983	1,039,866
	After distribution	1,196,036	1,143,722	937,682	919,795	1,064,130	1,123,013
Non-current liabilities		277,197	251,855	248,044	203,401	544,439	584,695
Total Liabilities	Before distribution	1,473,233	1,306,887	1,124,751	1,095,480	1,525,422	1,624,561
	After distribution	1,473,233	1,395,577	1,185,726	1,123,196	1,608,569	1,707,708
Equity attributable to shareholders of the parent		2,551,724	2,667,115	2,643,693	2,618,710	2,835,432	3,316,607
Capital stock		2,771,575	2,771,575	2,771,575	2,771,575	2,771,575	2,771,575
Capital surplus		13,203	259	259	1,602	1,602	1,602
Retained earnings	Before distribution	184,586	346,524	311,777	294,504	479,002	497,776
	After distribution	184,586	257,834	250,802	266,788	395,855	414,629
Other equity interest		(417,640)	(451,243)	(439,918)	(448,971)	(416,747)	(368,975)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		2,198,507	4,801	(457)	(4,486)	0	0
Total equity	Before distribution	2,551,724	2,667,115	2,643,236	2,614,224	2,835,432	2,901,978
	After distribution	2,551,724	2,578,425	2,582,261	2,586,508	2,752,285	2,818,831

Note1: Financial reports for the past 5 years and 2022/Q1 have been audited or reviewed by CPAs.

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

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

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

2. Condensed statement of comprehensive Income—Consolidated

Unit : NT\$ thousand

Year Item	2017	2018	2019	2020	2021	As of 3/31/2022 (Note3)
Operating Revenue	2,598,511	1,574,763	1,340,594	1,280,877	1,535,992	381,716
Gross profit	474,242	344,307	320,352	300,336	344,472	85,938
Operating income	(206,190)	22,242	7,593	44,061	15,342	9,334
Non-operating income and expenses	276,151	142,221	54,990	29,920	43,875	8,107
Income before tax	69,961	164,463	62,583	73,981	59,217	17,441
Net profit from continuing operations	32,901	150,323	46,668	36,787	10,844	18,774
Loss of closed business units	0	0	1,902	6,711	198,757	0
Net income (Loss)	32,901	150,323	48,570	43,498	209,601	18,774
Other comprehensive income (income after tax)	(304,006)	(33,146)	10,580	(11,535)	39,323	47,772
Total comprehensive income	(271,105)	117,177	59,150	31,963	248,924	66,546
Net income attributable to shareholders of the parent	34,580	148,278	54,736	46,096	208,540	18,774
Net income attributable to non-controlling interest	(1,679)	2,045	(6,166)	(2,598)	1,061	0
Comprehensive income attributable to Shareholders of the parent	(269,426)	115,132	65,268	34,649	244,438	60,546
Comprehensive income attributable to non-controlling interest	(1,679)	2,045	(6,118)	(2,686)	4,486	0
Earnings per share	0.12	0.53	0.20	0.17	0.75	0.07

Note1 : Financial reports for the past 5 years and 2022/Q1 have been audited or reviewed by CPAs.

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

Note3 : Status and Reasons for correction or re-edited of financial statements informed by the authority:

None

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

1. Condensed Balance Sheet—Parent Company

Unit : NT thousands

Items \ Year		Year				
		2017	2018	2019	2020	2021
Current assets		502,068	664,618	521,253	553,493	705,816
Property, Plant and Equipment(Note2)		127,133	131,840	150,072	57,992	56,884
Intangible assets		239,819	234,273	228,898	223,874	218,778
Other assets (Note2)		2,723,972	2,551,981	2,487,993	2,521,983	2,615,792
Total assets		3,592,992	3,582,712	3,388,216	3,357,342	3,597,270
Current liabilities	Before distribution	918,072	772,358	589,100	610,884	477,786
	After distribution	918,072	861,048	650,075	638,600	560,933
Non-current liabilities		123,196	143,239	155,423	127,748	284,052
Total liabilities	Before distribution	1,041,268	915,597	744,523	738,632	761,838
	After distribution	1,041,268	1,004,287	805,498	766,348	844,985
Capital stock		2,771,575	2,771,575	2,771,575	2,771,575	2,771,575
Capital surplus		13,203	259	259	1,602	1,602
Retained earnings	Before distribution	184,586	346,524	311,777	294,504	479,002
	After distribution	184,586	257,834	250,802	266,788	395,855
Other equity interest		(417,640)	(451,243)	(439,918)	(448,971)	(416,747)
Treasury stock		0	0	0	0	0
Total equity	Before distribution	2,551,724	2,667,115	2,643,693	2,618,710	2,835,432
	After distribution	2,551,724	2,578,425	2,582,718	2,590,994	2,752,285

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

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

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

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

2. Condensed statement of comprehensive Income—Parent Company

Unit : NT thousands

Year	2017	2018	2019	2020	2021
Items					
Operating Revenue	918,545	798,148	673,038	595,328	571,538
Gross profit	119,944	123,999	92,424	119,400	101,077
Operating income	(95,175)	(34,944)	(53,222)	(12,675)	(74,358)
Non-operating income and expenses	131,190	187,454	108,146	59,841	303,038
Income before tax	36,015	152,510	54,924	47,166	228,680
Net profit from continuing operations	34,580	148,278	54,736	47,166	208,540
Loss of closed business units	0	0	0	0	0
Net income (Loss)	34,580	148,278	54,736	46,096	208,540
Other comprehensive income (income after tax)	(304,006)	(33,146)	10,532	(11,447)	35,898
Total comprehensive income	(269,426)	115,132	65,268	34,649	244,438
Earnings per share	0.12	0.53	0.20	0.17	0.75

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

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

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

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

Auditors' Opinions from 2017 to 2021

Year	CPA	Auditor Opinions
2017	Sam Wu 、Janet Peng	Unqualified Opinion
2018	Sam Wu 、Janet Peng	Unqualified Opinion
2019	Sam Wu 、Janet Peng	Unqualified Opinion
2020	Sam Wu 、Janet Peng	Unqualified Opinion
2021	Lin Yahui 、Wu Hanqi	Unqualified Opinion

6-2 、 Financial Analysis for the last five years

(1) Financial Analysis

1. Consolidated

Items \ Year		Financial Analysis in most recent years					As of 3.31.2022	Remark	
		2017	2018	2019	2020	2021			
Financial Structure	Debt ratio %	36.6	32.85	29.85	29.53	34.98	35.89		
	Long-term funds to property, plant and equipment %	778.78	1082.7	1028.31	1593.65	2073.77	2036.17	1	
Liquidity	Current ratio %	100.32	151.21	150.23	157.33	224.11	221.78	2	
	Quick ratio %	76.19	112.46	107.16	116.22	145.01	139.2	2	
	Times interest earned (times)	3.37	8.54	5	8.06	7.8	7.73	3	
Operating performance	Average receivables turnover (times)	4.86	4.98	5.17	6.86	8.63	7.09	4	
	Days sales outstanding	75.1	73.29	70.6	53.2	42.29	51.48	4	
	Average inventory turnover (times)	4.27	3.21	2.47	2.46	2.03	1.48	5	
	Average payables turnover (times)	12.54	13.83	10.28	8.91	11.17	10.46	5	
	Average turnover days	85.48	113.71	147.77	148.37	179.8	246.62		
	Property, plant and equipment turnover (times)	5.92	4.97	4.86	5.59	9.04	9.14		
Profitability	Total assets turnover (times)	0.58	0.39	0.35	0.34	0.38	0.34		
	Return on assets%	1.27	4.21	1.58	1.39	5.37	1.88	6	
	Return on stockholders' equity %	1.22	5.76	1.83	1.65	7.69	2.62	6	
	To paid-in capital (%)	Operating income to paid-in capital%	-7.44	0.8	0.27	1.59	0.55	1.35	6
		Pre-tax income to paid-in capital %	2.52	5.93	2.26	2.67	2.14	2.52	6
	Net profit margin %	1.27	9.55	3.62	3.4	13.65	19.67	6	
	Earnings per share (NTD)	0.12	0.53	0.2	0.17	0.75	0.07		
Cash Flow	Cash flow ratio %	20.95	1.87	29.28	23.26	-7.66	-29.4	7	
	Cash flow adequacy ratio %	41.84	60.87	19.99	3.72	-1256.05	113.29	7	
	Cash flow reinvestment ratio %	10.51	0.7	12.94	11.29	0	0		
Leverage	Operating leverage	1	1	1	1	1	1		
	Financial leverage	0.87	51.25	-0.94	1.31	2.31	1.38		

Note: Analysis of changes of over 20% between 2020 and 2021:

1. An increase in Long-term funds to property, plant and equipment ratio: due to returns on long term investments and deferred income tax liabilities
2. Times interest earned: due to an repayment to bank loan interest in 2021
3. Average receivables turnover ratio and days: due to an increase in overseas A/R recovering in 2021
4. Operating income to paid-in capital ratio: due to an decrease in operating expenses
5. The decline in inventory turnover was due to the substantial increase in inventory at the end of 2011 due to policy purchases in 2010
6. Profitability ratios increased: 110 years of net profit increased compared to 109 years due to the profit from the disposal of the shares of China Huayi Technology (Jian) Co., Ltd.
7. The decrease in the cash flow ratio was mainly attributable to the decrease in cash outflow from the profit and loss of subsidiaries and related companies recognized by the equity method.

1. Parent Company

Items		Year	Financial Analysis in most recent years					Remark
			2017	2018	2019	2020	2021	
Financial Structure%	Debt ratio %	28.98	25.56	21.97	22.00	21.18		
	Long-term funds to property, plant and equipment %	2,104.03	2,132.6	1,865.2	4,735.93	5483.94		
Liquidity	Current ratio %	54.69	86.05	88.48	90.61	147.73	1	
	Quick ratio %	37.17	51.01	53.92	63.86	88.04	1	
	Times interest earned (times)	3.23	12.53	7.29	6.85	33.8	2	
Operating performance	Average receivables turnover (times)	8.26	7.95	7.38	7.77	7.14		
	Days sales outstanding	44.19	45.91	49.46	46.98	51.12		
	Average inventory turnover (times)	4.11	3.29	2.57	2.68	2.15	3	
	Average payables turnover (times)	15.63	15.32	14.22	12.93	11.11		
	Average turnover days	88.81	110.94	142.02	136.19	169.77		
	Property, plant and equipment turnover (times)	7.18	6.16	4.77	5.72	9.95	4	
Profitability	Total assets turnover (times)	0.24	0.22	0.19	0.18	0.16	5	
	Return on assets%	1.28	4.43	1.77	1.56	6.16	5	
	Return on stockholders' equity %	1.29	5.68	2.06	1.75	7.65	5	
	Pre-tax income to paid-in capital %	1.30	5.50	1.98	1.70	8.25	5	
	Net profit margin %	3.76	18.58	8.13	7.74	36.49	5	
	Earnings per share (NTD)	0.12	0.53	0.20	0.17	0.75	5	
Cash Flow	Cash flow ratio %	8.71	-15.56	5.19	33.02	6.49	6	
	Cash flow adequacy ratio %	272.83	107.4	28.14	-27.57	-55.35		
	Cash flow reinvestment ratio %	3.43	0	5.1	10.81	0.12		
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00		
	Financial leverage	0.85	0.73	0.86	0.61	0.91		

Note: Analysis of changes of over 20% between 2020 and 2021:

1. The increase in current and quick ratios was due to a sharp drop in short-term borrowings.
2. The increase in interest coverage ratio was due to the increase in net profit compared with the same period last year due to the profit from the disposal of the equity interest in China Acton Technology

(Jian) Co., Ltd.

3. The decline in inventory turnover was due to the substantial increase in inventory at the end of the year due to policy purchases.

4. The increase in turnover rate of real estate, plant and equipment was due to the decrease in operating income that was greater than the decrease in the book value of real estate, plant and equipment.

5. Various ratios of profitability increased: Net profit increased compared with the same period last year due to the profit from the disposal of the equity of China Huayi Technology (Jian) Co., Ltd.

6. The decrease in the cash flow ratio was mainly due to the decrease in cash outflow from the profit and loss of subsidiaries and related companies recognized by the equity method.

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

1.Capital structure

(1)Debt ratio = total liabilities / total assets

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

2. Liquidity

(1) Current ratio = current assets / current liabilities

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

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

3.Operating performance

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

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

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

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

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

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

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

4.Profitability

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

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

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

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

5.Cash flow

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

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

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

6.Leverage

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

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

6-3 、 Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statement, and proposal for allocation of earnings. The Financial Statements has been duly reviewed and approved PricewaterhouseCooper Taiwan. Lin Yahui and Wu Hanqi with the issuance of auditor's Report. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee. Per the regulation in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Action Electronics Co.,Ltd

2022 Annual Shareholders' Meeting

Audit Committee :

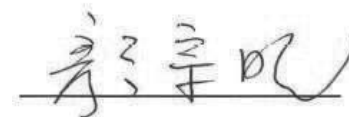
Independent Director: Tang Peng-Chin



Independent Director: Min Kuei-Ling



Independent Director: Yen Tzong-Ming



March 29,2022

6-4. Consolidated Financial Statements audited by CPA

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

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

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

7-1、Financial status

Unit: NT thousands

Year	2021	2020	Difference		
			Amount	%	Remark
Current Assets	2,198,507	1,403,482	795,025	57	1
Property, Plant and Equipment	162,982	176,803	(13,821)	(8)	
Intangible assets	219,380	225,771	(6,391)	(3)	
Other assets	1,779,985	1,903,648	(123,663)	(6)	
Total assets	4,360,854	3,709,704	651,150	18	
Current Liabilities	980,983	892,079	88,904	10	
Non-current liabilities	544,439	203,401	341,038	168	2
Total Liabilities	1,525,422	1,095,480	429,942	39	2
Equity attributable to shareholders of the parent	2,835,432	2,618,710	216,722	8	
Capital stock	2,771,575	2,771,575	0	0	
Capital surplus	1602	1602	0	0	
Retained earnings	479,002	294,504	184,498	63	3
Other equity interest	(416,747)	(448,971)	32,224	(7)	
Non-controlling interest	0	(4,486)	4,486	(100)	
Total equity	2,835,432	2,614,224	221,208	8	

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

Description:

1. Increase in current assets: Increase in the carrying value of the Company's financial assets at fair value through other comprehensive income or loss held by Clientron Corp. due to year-end market revaluation; transfer of equity in a subsidiary, Action Technology (Ji'an) Co: Under construction Inventory of Action Construction Co. Ltd.
2. The increase in non-current liabilities and total liabilities was mainly due to: The increase in long-term borrowings of our subsidiary, Action Construction Co.
3. The increase in retained earnings was mainly due to the gain from the transfer of equity interest in Action Technology (Ji'an) Co.

(II) Future response plan:

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

7-2、Operating Performance Analysis

Unit: NT thousands

Items	2021	2020	Differences		
			Amount	%	Remark
Operating Revenue	1,535,992	1,280,877	255,115	20	1
Gross profit	344,472	300,336	44,136	15	
Operating Expense	329,130	256,275	72,855	28	2
Operating income	15,342	44,061	(28,719)	(65)	
Non-operating income and expenses	43,875	29,920	13,955	47	3
Net Income before tax	59,217	73,981	(14,764)	(20)	
Corp.Tax	(48,373)	(37,194)	(11,179)	30	
Loss of closed business units	198,757	6,711	192,046	2,862	4
Net income (Loss)	209,601	43,498	166,103	382	4

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

1. In 2021, the Company's revenue grew by 20% compared to 2020, despite the adverse factors such as the COVID-19 epidemic and port congestion, with the domestic market for home appliances declining slightly due to weather and port congestion. In addition, in terms of autotronics, although there are unfavorable factors such as lack of materials and lack of workers in production, with the gradual opening of the European and American markets and the unremitting efforts of the team, the orders of major customers have gradually picked up. In terms of asset activation, Shanghai Logistics and warehousing has continued to grow steadily, with a rental rate of more than 90%.
2. The main reason for the increase in operating expenses in 2021:
 - (1) Marketing expenses Due to the increase in advertising and marketing expenses, marketing personnel, and the provision of liabilities for the Ma Bing Factory required by the business promotion.
 - (2) Management expenses due to the allocation of employee/director remuneration, tax consulting, lawyer, and consultant fees for the transfer of equity of subsidiary Action Technology (Ji'an) Co., Ltd.
 - (3) Asia Intelligent (Shenzhen) Co., Ltd. continued to invest in the development of new products, increasing by NT\$3,697,000 in the current period.
 - (4) The expected credit impairment benefit was offset by the loss of NT\$12,556 thousand due to the recovery of accounts receivable from Action Asia (Shenzhen) Electronics' customer - Haier.
3. Non-operating income and expenses: The difference between the two periods of net foreign currency exchange gains and losses is NT\$12,753 thousand, and the increase in non-operating profits and losses in 2021 will be affected by the increase in overseas net

and intangible assets impairment losses of overseas subsidiary Zhiqixin Co Ltd in 2020.

4..Interests of discontinued units: It is due to the mainland transfer investment company Action Technology (Ji'an) Co., Ltd. due to the transfer of equity in accordance with the resolution of the board of directors, it was converted into a discontinued unit in the 2020 financial report, and the sale of equity in 2021 generated long-term investment benefits.

7-3 、 Analysis of changes in cash flow

(I) Cash flow this year

Unit: NT\$ Thousand

Cash balance at early stage	Annual net cash flow from operating activities	Annual net cash outflow into investment and financing activities	Cash remaining amount	Remedial measures for expected cash shortage	
				Investment plan	Financial plan
57,243	31,018	(41,545)	46,716	Not applicable	Not applicable

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

Operating activities:Repatriation of earnings from subsidiaries increases cash.

Investing activities: cash outflow of RMB 7,850 Thousand, which is due to the increase of fixed deposits with maturity of more than three months.

Financing activities: The cash outflow is RMB 33,695 Thousand, which is the distribution of cash dividends and the repayment of bank loans.

(II) Analysis of changes in cash flow this year

Unit: NT\$ Thousand

Year Item	2021	2020	Difference	
			Amount	Description
Operating activities	31,018	201,714	(170,696)	mainly due to the repatriation of profits from oversea subsidiaries in 2021.
Investment activities	(7,850)	(168,006)	160,156	In 109, it was cash capital increase in domestic subsidiaries and investment in financial assets measured at cost, while in 110 there was no financial asset.
Financing activities	(33,695)	(52,161)	18,466	payment of cash dividends and repayment of bank loans.
Net cash flow	(10,527)	(18,453)	7,926	

(III) Analysis of cash liquidity in the coming year

Unit: NT\$ Thousand

Cash balance at early stage	Annual net cash flow from operating activities	Estimated annual net cash inflow from investment and financing activities	Cash remaining amount	Remedial measures for expected cash shortage	
				Investment plan	Financial plan
46,716	41,618	(11,423)	76,911	Not applicable	Not applicable

Analysis of changes in cash flow :

Operating activities: It is expected that operating-related activities will generate a net cash inflow of NT\$41,618 Thousand. The department continues to expand the operation of the Kolin brand and adopts multi-channels sales, and the estimated turnover has increased.

Investment and financing activities: The estimated cash outflow is NT\$11,423 Thousand mainly due to capital increase subsidiaries, cash dividends and repayment of bank loans.

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

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

- (I) This year adopted the equity-method on share of profits and losses of subsidiary and affiliated company was NT\$292,593 Thousand, compared with the benefit of 2020 with NT\$67,247 Thousand, and the profit decreased by NT\$225,346 Thousand mainly due to the disposal of 100% equity of Huayi Technology (Jian)Co., Ltd. to Jiangxi Huayi Electronic Secondary Professional College, which resulted in the disposal of investment interests of RMB 204,940,000, and the profit increased accordingly.
- (II) In the future, profit improvement projects will continue to be carried out, and organizational transformation and resource integration will be carried out to enhance overall operating efficiency and industrial competitiveness.
- (III) Estimated investment situation in the coming year: The construction plan of Zhongli plant has begun, and the future construction plan to build the “**ACTION ASIA SCIENCE & TECHNOLOGY PARK**” will drive industrial upgrading and support the future revenue.

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

- (I) The impact of recent annual interest rate, exchange rate changes, and inflation on the company's profit and loss and future countermeasures:
 - 1. The company and its subsidiaries borrow mainly in New Taiwan dollars, followed by U.S. dollars. It is a fixed-interest debt, which is subject to changes in market interest rates and has little influence on future cash flows, but it is still subject to fair value interest rate risk. For debts with floating interest rates, changes in market interest rates will cause the effective interest rate of the debt to change, which will cause fluctuations in its future cash flow. Some risks can be offset by cash held at floating interest rates and current cash.
 - 2. The impact of exchange rate changes: the main procurement and sales of the company and its consolidated subsidiaries are denominated in US dollars, and the fair value will change with fluctuations in market exchange rates. However, the company and its subsidiaries hold foreign currency assets and liabilities and the period of receipt and payment can be made to offset each other's market risks.

3. Inflation impact: The company has no significant financial impact due to inflation. The company will pay close attention to fluctuations in market prices and maintain a good interactive relationship with suppliers and customers.

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

1. The company does not engage in high-risk, high-leverage investment activities.
2. Fund loan to others and endorsement guarantee: mainly due to the operating needs of the company and its affiliated companies, all are handled in accordance with the "Fund Loan to Others Operation Procedure" and "Endorsement Guarantee Operation Procedure".

3. Derivative products that the company has not signed in 2020.

4. Response measures: The financial risk management policies of the company and its subsidiaries are affected by the characteristics of the electronics and home appliance industries. The financial risks which the consolidated company faced include changes in operating fund, credit risk and financial product investment. In order to achieve the best risk position, the company plans to adopt different strategies for different risks:

(1) Hedging strategy for changes in operating fund: The company has appropriate short-term bank loan quotas, and grasps the timing of cash inflows and outflows to maintain proper liquidity on capital allocation.

(2) Credit risk: The company has a strict credit evaluation policy, only transacting with counterparties with good credit status, and timely use of debt preservation measures to reduce credit risk.

(3) Financial product investment: Among the equity financial products invested by the company, financial assets belonged to fair value changes are classified as gains and losses, which can activate market, and easily sold out in the market at a price close to fair value. Significant Liquidity Risk is not expected to happen.

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

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

1. Future R&D plan:

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

2. Estimated R&D expenses:

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

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

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

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

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

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

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

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

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

Material Input: The procurement of key components of the company's products is through direct negotiations with the original manufacturer to ensure normal supply and maintain price advantages. The supply of various raw materials also shall be maintained two or more suppliers to avoid goods resources controlled by others and maintain the flexibility of bargaining. So far, the company and the suppliers mutually keep maintaining good interaction.

Sales: The company's marketing allocation:

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

(1) Electronic manufacturing business system: Malaysia's Markin plant of

ACTION INDUSTRIES(M)SDN.BHD. and Shenzhen plant of Action Asia Co., Ltd. develop multimedia products for automobiles, multi-point marketing with the same model, exclusive management, and transformed as simple In-car Platform products.

(2) Channel service business system: Taiwan Action Electronics Co., Ltd. and Realise Tech Service Co., Ltd. are the main roleplayer to promote popularity of Kolin brand through diversified operation of brand management, boost flexible channel sales (distribution: 36%, wholesales: 15%, special sales: 20%, project: 29 %), actively develop niche markets.

(3) Warehousing and real estate business system: Among SHANGHAI ACTION TECH CO., LTD., ACTION ASIA (SHENZHEN) CO., LTD. and ACTION TECHNOLOGY (JIAN) CO., LTD., SHANGHAI ACTION TECH CO., LTD., mainly played a role as a warehousing and logistics center, has grown steadily; the land development of Taiwan headquarters, and Shenzhen Plant and Ji'an Plant have activated their assets, and innovative value creates profits for the group. °

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

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

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

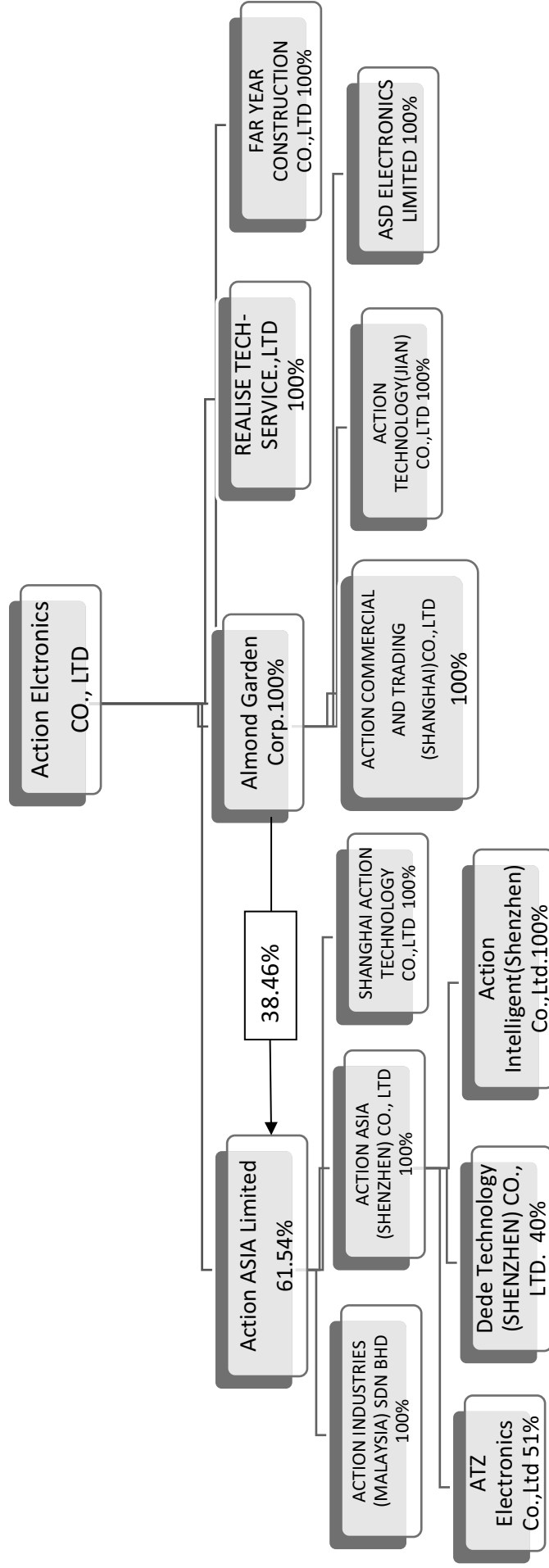
(XIII) Other important risks and corresponding measures: None.

7-7 、 Other important matters: None.

VIII 、Special Notes

8-1 、Information of associated enterprises

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



1. Organizational Chart of Associated Enterprises

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

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

2. Basic Information for the Affiliates

Unit:dollars

Name of Corporation	Date of establishment	address	Paid-in Capital	Maior Business/Production Items
ACTION ASIA LIMITED	August 2,2002	77 Robinson Road, #13-00 Robinson 77, Singapore 068896.	SGD 244,929,207	Holding Company
ACTION INDUSTRIES (M) SDN.BHD.	December 8,1987	2480,TINGKAT PERUSAHAAN ENAM, PRAI FREE TRADE ZONE,13600 PERAI, PENANG, MALAYSIA.	RM 13,200,000	Manufacturing and selling of LCD TV for Auto
SHANGHAI ACTION TECHNOLOGY CO.,LTD	February 3, 2004	333 Xingbang Road, Jiading Industrial Zone, Shanghai, China	RMB 140,840,981	Warehousing and storage
ACTION ASIA (SHENZHEN) CO., LTD	February 4,2005	4/F, block1, Jimxing Industrial Park, No.25 Jian'An Road,Fuhai Street, Bao'An district, SZ,Guangdong	RMB 33,711,997	Manufacturing and sales of auto electronicl products and accessories SERVICES
Dede Technology (SHENZHEN) CO., LTD.	November 15,1999	The industrial park of AnLud was built in fuyong Street High-tech Development Zone in Bao'an District, Shenzhen	RMB 110,000,000	Real estate SERVICES
Action Intelligent(Shenzhen) Co.,Ltd.	Seperntember 7,2016	4/F, block1, Jimxing Industrial Park, No.25 Jian'An Road,Fuhai Street, Bao'An district, SZ,Guangdong	RMB 400,000	R&D and sales of AI products
ALMOND GARDEN CORP.	July 29,1994	CITCO BUILDING, WICKHAMS CAY, P.O. BOX 662, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS.	HKD 105,658,410	Holding Company
ASD ELECTRONLCS LIMITED	July 9, 2004	ROOMS 1501-3,Far East Consortium Building, 121 Des Voeux Road Central,Hong Kong	HKD 4,175,000	R&D and sales
REALISE TECH-SERVICE.,LTD	November24,1998	New North City Triple Zone Rerot Road 5 section 609 Lane 4 8F 9	NTD 60,000,000	Sales and maintance of electrical products
FAR YEAR CONSTRUCTION CO.,LTD	June25,2019	198 Zhongyuan Road, Zhongyuan District, Taoyuan City	NTD 200,000,000	Real Estate development

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

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

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

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

4、.Business scope of Affiliated Enterprises

The business of the Company and its affiliates includes:

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

5. Directors, Supervisors and Presidents of Affiliated Enterprises

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

Company (no.1)	Title	Name or representative	ShareHolding(no.2)		(no.3)
			Shares/Amount		%
ALMOND GARDEN CORP.(Note3)	Chairman	Peng, Chiun-Ping	HKD	105,658,410	100.00%
	Director	Chao, Teng Pang			
	Director	Peng, Ting-Yu			
ACTION ASIA LIMITED(Note3)	Director	Chao, Teng Pang	SGD	149,511,976 93,452,231	61.54% 38.46%
	Director	Peng, Ting-Yu			
	Director	Chow Hong Luen Irwin			
REALISE TECH-SERVICE.,LTD (Note.3)	Director	Chao, Teng Pang	NTD	6,000,000Share /60,000,000	100.00%
	Director	Peng, Ting-Yu			
	Director	Liu, Chiu Chi			
	Director	Guo, Jianli			
	Director	Peng, ingshun			
	supervisor	Lin, Jiahua			
Far Year Construction Co.,Ltd(Note.3)	Chairman	Peng, Chiun-Ping	NTD	20,000,000 Share /200,000,000	100.00%
	Director	Chao, Teng Pang			
	Director	Jin -Wan Tsai			
	Director	Jeffery Peng			
	Director	Lu, Yahui			
ASD ELECTRONICS LIMITED (Note4)	Chairman	Peng Ting-Yu	HKD	4,175,000	100.00%
	Director	Chao Teng Pang			
	Director	Luo Wanhua			
ACTION INDUSTRIES (M) SDN.BHD. (Note.5)	Chairman	Peng Ting-Yu	RM	13,200,000	100.00%
	Director	Peng Chiun-Ping			
	Director	Chao, Teng Pang			
	Director	Joanna Chuang			
	Director	Chew Ah Tee			

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

Name of Corporation (Note1)	Title	Name or representative	ShareHolding(no.2)	(No.3)
			Shares/Amount	%
SHANGHAI ACTION TECHNOLOGY CO.,LTD (Note.5)	Chairman	Peng Chiun-Ping	RMB 140,840,981	100.00%
	director	Wu Wenyuan		
	director	Peng Jeffery		
	director	Peng Hsiuyun		
	director	Peng Ting-Yu		
	supervisor	Chao Teng Pang		
ACTION ASIA (SHENZHEN) CO., LTD (Note.5)	Chairman	Peng Ting-Yu	RMB 33,711,997	100.00%
	director	Chao Teng Pang		
	director	Peng Chiun-Ping		
	director	Peng Jeffery		
	director	Peng Hsiuyun		
	director	Wen Yu mei		
	director	Luo Wan Hua		
	supervisor	Liu Chiu Chi		
Action Intelligent (Shenzhen) Co.,Ltd (Note.6)	Chairman	Peng Ting-Yu	RMB 400,000	100.00%
	director	Chao Teng Pang		
	director	Chew Ah Tee		
	director	Luo Wan Hua		
	supervisor	Xie Yongli		

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

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

Note 3: The Company's transfer investment company: ALMOND GARDEN CORP, ACTION ASIA LIMITED, REALISE TECH-SERVICE.,LTD., Far Year Construction Co.,Ltd

Note 4: The Company's indirect transfer investment company, by ALMOND GARDEN CORP. : to invest in the company:ASD ELECTRONICS LIMITED.

Note 5: It is a transfer investment company between the Companies, converted by ACTION ASIA LIMITED

Investment Company: ACTION INDUSTRIES (M) SDN.BHD., ACTION ASIA (SHENZHEN) CO., LTD SHANGHAI ACTION TECHNOLOGY CO.,LTD

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

(2) Operating Performance of Affiliated Enterprises

Financial Results and Operating Performance of Affiliated Enterprises

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

Name of Corporation	Paid-in Capital	Total Assets	Total Assets	Net Worth	Net Revenues	Operating Income(Loss)	Net Income (After Tax)	EPS (NT\$)
ACTION ELECTRONICS CO.,LTD	2,771,575	4,360,854	1,525,421	2,835,432	1,535,991	(329,128)	208,540	0.75
ACTION ASIA LIMITED	395,890	2,371,447	501,254	1,870,193	1,539,188	89,052	111,101	0.28
SHANGHAI ACTION TECHNOLOGY CO.,LTD	611,813	1,004,909	39,711	965,199	138,681	79,887	69,884	0.11
ACTION INDUSTRIES(M)SDN.BHD.	87,495	404,454	241,880	162,574	413,247	32,294	40,800	0.47
ACTION ASIA (SHENZHEN) CO., LTD	146,445	819,726	104,252	715,474	438,937	(23,261)	3,566	0.02
Action Intelligent(Shenzhen) Co.,Ltd	1,738	8,286	4,444	3,842	32,496	837	1,225	0.71
ALMOND GARDEN CORP.	374,982	1,009,806	16,472	993,334	25,383	(10,917)	226,225	0.60
ASD ELECTRONICS LIMITED	14,817	14,978	3,137	11,841	25,383	(422)	(384)	(0.03)
REALISE TECH-SERVICE,LTD	60,000	95,954	62,160	33,793	203,522	4,497	4,349	0.22
Far Year Construction Co.,Ltd	200,000	560,370	373,304	187,065	0	(6,600)	(6,280)	0.00

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

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

8-4 、 Other matters requiring supplementary information: None

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

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

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

**ACTION ELECTRONICS CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

ACTION ELECTRONICS CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entities that are required to be included in the consolidated financial statements of affiliates are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

ACTION ELECTRONICS CO., LTD.

Representative: Peng Ting-Yu

March 29, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment of property, plant and equipment and investment properties

Description

Refer to Note 4(20) for accounting policy on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment of non-financial assets and Notes 6(9) and 6(12) for details of property, plant and equipment and investment properties.

The Group's valuation on some overseas property, plant and equipment and investment properties is subjected to the overall industry environment and its operating conditions. The management estimated recoverable amount using value in use. Since the calculations of recoverable amount involved multiple assumptions and estimates and contained a high degree of uncertainty, and the estimated outcome had a significant effect on the valuation of value-in-use, we consider the impairment assessment of property, plant and equipment and investment properties a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding on the Group's policies and procedures in relation to impairment assessment, assessed cash-generating units that have been identified by management as potentially impaired, and assessed whether there was any indication of impairment.
- B. Assessed the competence and independence of the external appraiser engaged by the management. Discussed with the management on the appraiser's scope of work and the process of engagement acceptance to ensure that no conditions existed that would affect its independence or limit its scope of work.
- C. Assessed and verified the accuracy and completeness of information used in the external appraiser's valuation and then provided for use by the management. Assessed the relevant assumptions and uncertainties involved during asset impairment testing, and considered the sufficiency of the Group's related disclosures.

Intangible assets - impairment of trademark right

Description

Refer to Note 4(20) for accounting policy on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to intangible assets - impairment of trademark right and Note 6(13) for details of intangible assets - trademark right.

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

How our audit addressed the matter

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

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

Other matter – Issuance of an auditors' report on the parent company only financial reports

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

Other matter – Prior period financial statements audited by another auditor

The financial statements of the Group for the year ended December 31, 2020 were audited by another auditor who expressed an unqualified opinion with an other matter section on those statements on March 29, 2021.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

—

Lin, Ya-Hui

Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 29, 2022

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

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

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 666,267	15	\$ 520,648	14
1110	Current financial assets at fair value through profit or loss	6(2)	12,002	-	2,893	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	166,166	4	87,312	2
1136	Current financial assets at amortised cost	6(1) and 8	145,090	4	125,924	3
1170	Accounts receivable, net	6(4)	142,137	3	123,090	3
1200	Other receivables	6(5)	12,588	-	14,142	-
1210	Other receivables due from related parties	6(7) and 7	144,860	3	24,136	1
130X	Inventory	6(6)	744,308	17	313,192	9
1460	Non-current assets or disposal groups classified as held for sale, net	6(7)	-	-	99,679	3
1476	Other current financial assets	6(1)	93,010	2	-	-
1479	Other current assets, others	8	72,079	2	92,466	3
11XX	Total current Assets		<u>2,198,507</u>	<u>50</u>	<u>1,403,482</u>	<u>38</u>
Non-current assets						
1550	Investments accounted for using equity method	6(8) and 8	558,287	13	540,091	14
1600	Property, plant and equipment	6(9) and 8	162,982	4	176,803	5
1755	Right-of-use assets	6(10) and 8	45,679	1	42,553	1
1760	Investment property, net	6(12) and 8	1,009,075	23	1,135,512	31
1780	Intangible assets	6(13)	219,380	5	225,771	6
1840	Deferred income tax assets	6(29)	155,800	4	170,242	5
1900	Other non-current assets	8	11,144	-	15,250	-
15XX	Total non-current assets		<u>2,162,347</u>	<u>50</u>	<u>2,306,222</u>	<u>62</u>
1XXX	Total assets		<u>\$ 4,360,854</u>	<u>100</u>	<u>\$ 3,709,704</u>	<u>100</u>

(Continued)

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 394,910	9	\$ 531,049	14
2130	Current contract liabilities	6(23)	252,153	6	23,694	1
2170	Accounts payable		99,760	2	113,532	3
2200	Other payables	6(16)	158,900	4	135,598	4
2230	Current income tax liabilities		15,861	-	3,892	-
2250	Current provisions	6(17)	26,168	1	21,193	1
2260	Liabilities related to non-current assets or disposal groups classified as held for sale	6(7)	-	-	6,497	-
2280	Current lease liabilities		15,416	-	19,405	-
2300	Other current liabilities		17,815	1	37,219	1
21XX	Total current Liabilities		<u>980,983</u>	<u>23</u>	<u>892,079</u>	<u>24</u>
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(15)	352,821	8	-	-
2550	Non-current provisions	6(17)	8,540	-	6,241	-
2570	Deferred tax liabilities	6(29)	116,191	3	124,047	3
2580	Non-current lease liabilities		25,949	-	18,333	1
2600	Other non-current liabilities	6(18)	40,938	1	54,780	2
25XX	Total non-current liabilities		<u>544,439</u>	<u>12</u>	<u>203,401</u>	<u>6</u>
2XXX	Total Liabilities		<u>1,525,422</u>	<u>35</u>	<u>1,095,480</u>	<u>30</u>
Equity						
Equity attributable to owners of parent						
	Share capital	6(19)				
3110	Common stock		2,771,575	64	2,771,575	75
	Capital surplus	6(20)				
3200	Capital surplus		1,602	-	1,602	-
	Retained earnings	6(21)				
3310	Legal reserve		24,671	1	20,301	-
3320	Special reserve		239,553	5	204,418	5
3350	Total unappropriated retained earnings		214,778	5	69,785	2
	Other equity interest	6(3)(22)				
3400	Other equity interest		(416,747)	(10)	(448,971)	(12)
31XX	Equity attributable to owners of the parent		<u>2,835,432</u>	<u>65</u>	<u>2,618,710</u>	<u>70</u>
36XX	Non-controlling interest		-	-	(4,486)	-
3XXX	Total equity		<u>2,835,432</u>	<u>65</u>	<u>2,614,224</u>	<u>70</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 4,360,854</u>	<u>100</u>	<u>\$ 3,709,704</u>	<u>100</u>

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

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(23)	\$ 1,535,992	100	\$ 1,280,877	100
5000	Operating costs	6(6)(28)	(1,191,520)	(78)	(980,541)	(76)
5900	Net operating margin		<u>344,472</u>	<u>22</u>	<u>300,336</u>	<u>24</u>
	Operating expenses	6(28)				
6100	Selling expenses		(108,704)	(7)	(82,352)	(6)
6200	General & administrative expenses		(183,237)	(12)	(154,238)	(12)
6300	Research and development expenses		(34,438)	(2)	(31,584)	(3)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		(2,751)	-	11,899	1
6000	Total operating expenses		(329,130)	(21)	(256,275)	(20)
6900	Operating profit		<u>15,342</u>	<u>1</u>	<u>44,061</u>	<u>4</u>
	Non-operating income and expenses					
7100	Interest income	6(24)	2,128	-	3,267	-
7010	Other income	6(25)	23,934	2	51,753	4
7020	Other gains and losses	6(26)	1,862	-	(16,917)	(1)
7050	Finance costs	6(27)	(8,712)	-	(10,486)	(1)
7055	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		4,320	-	7,248	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(8)	20,343	1	(4,945)	-
7000	Total non-operating revenue and expenses		<u>43,875</u>	<u>3</u>	<u>29,920</u>	<u>2</u>
7900	Profit before income tax		<u>59,217</u>	<u>4</u>	<u>73,981</u>	<u>6</u>
7950	Income tax expense (benefit)	6(29)	(48,373)	(3)	(37,194)	(3)
8000	Profit for the year from continuing operations		<u>10,844</u>	<u>1</u>	<u>36,787</u>	<u>3</u>
8100	Profit from discontinued operations	6(7)	<u>198,757</u>	<u>13</u>	<u>6,711</u>	<u>1</u>
8200	Profit for the year		<u>\$ 209,601</u>	<u>14</u>	<u>\$ 43,498</u>	<u>4</u>

(Continued)

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(18)	\$ 2,697	-	(\$ 2,992)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	82,428	5	(28,305)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(540)	-	598	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		84,585	5	(30,699)	(2)
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translation		(57,435)	(4)	23,977	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		12,173	1	(4,813)	(1)
8360	Components of other comprehensive income that will be reclassified to profit or loss		(45,262)	(3)	19,164	1
8300	Other comprehensive income for the year		<u>\$ 39,323</u>	<u>2</u>	<u>(\$ 11,535)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 248,924</u>	<u>16</u>	<u>\$ 31,963</u>	<u>3</u>
Profit (loss), attributable to:						
8610	Owners of the parent		\$ 208,540	14	\$ 46,096	4
8620	Non-controlling interest		1,061	-	(2,598)	-
			<u>\$ 209,601</u>	<u>14</u>	<u>\$ 43,498</u>	<u>4</u>
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 244,438	16	\$ 34,649	3
8720	Non-controlling interest		4,486	-	(2,686)	-
			<u>\$ 248,924</u>	<u>16</u>	<u>\$ 31,963</u>	<u>3</u>
Earnings per share						
9710	Basic earnings per share from continuing operations	6(29)	\$	0.03	\$	0.15
9720	Basic earnings per share from discontinued operations			0.72		0.02
9750	Basic and diluted earnings per share		<u>\$</u>	<u>0.75</u>	<u>\$</u>	<u>0.17</u>

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

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Notes	Equity attributable to owners of the parent							Non-controlling interest	Total equity	
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Other equity interest			
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
2020										
Balance at January 1	\$ 2,771,575	\$ 259	\$ 14,828	\$ 204,418	\$ 92,531	\$ 489,535	\$ 49,617	\$ 2,643,693	(\$ 457)	\$ 2,643,236
Profit (loss) for the year	-	-	-	-	46,096	-	-	46,096	(2,598)	43,498
Other comprehensive (loss) income for the year	-	-	-	-	(2,394)	19,252	(28,305)	(11,447)	(88)	(11,535)
Total comprehensive income (loss) for the year	-	-	-	-	43,702	19,252	(28,305)	34,649	(2,686)	31,963
Appropriation and distribution of 2019 retained earnings:										
Legal reserve appropriated	-	-	5,473	-	(5,473)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(60,975)	-	-	(60,975)	-	(60,975)
Changes in ownership interests in subsidiaries	-	1,343	-	-	-	-	-	1,343	(1,343)	-
Balance at December 31	\$ 2,771,575	\$ 1,602	\$ 20,301	\$ 204,418	\$ 69,785	\$ 470,283	\$ 21,312	\$ 2,618,710	(\$ 4,486)	\$ 2,614,224
2021										
Balance at January 1	\$ 2,771,575	\$ 1,602	\$ 20,301	\$ 204,418	\$ 69,785	\$ 470,283	\$ 21,312	\$ 2,618,710	(\$ 4,486)	\$ 2,614,224
Profit for the year	-	-	-	-	208,540	-	-	208,540	1,061	209,601
Other comprehensive income (loss) for the year	-	-	-	-	2,157	(48,687)	82,428	35,898	3,425	39,323
Total comprehensive income (loss) for the year	-	-	-	-	210,697	(48,687)	82,428	244,438	4,486	248,924
Appropriation and distribution of 2020 retained earnings:										
Legal reserve appropriated	-	-	4,370	-	(4,370)	-	-	-	-	-
Special reserve appropriated	-	-	-	35,135	(35,135)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(27,716)	-	-	(27,716)	-	(27,716)
Proceeds from disposal of financial assets at fair value through other comprehensive income transferred to retained earnings	-	-	-	-	1,517	-	(1,517)	-	-	-
Balance at December 31	\$ 2,771,575	\$ 1,602	\$ 24,671	\$ 239,553	\$ 214,778	\$ 518,970	\$ 102,223	\$ 2,835,432	-	\$ 2,835,432

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

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit from continuing operations before tax		\$ 59,217	\$ 73,981
Profit from discontinued operations before tax		198,757	6,711
Profit before tax		257,974	80,692
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(28)	56,955	61,574
Amortisation	6(28)	7,649	8,567
Expected credit gain		(1,569)	(19,147)
(Gains) losses on financial assets at fair value through profit or loss	6(26)	(109)	5
Interest expense	6(27)	8,712	10,486
Interest income	6(24)	(2,128)	(3,383)
Dividend income	6(25)	(5,929)	(7,650)
Share of (profit) loss of associates accounted for using the equity method	6(8)	(20,343)	4,945
Gain on disposal of non-current assets classified as held for sale	6(26)	(204,940)	-
Loss (gain) on disposal of property, plant and equipment	6(26)	249	(526)
Gains on disposals of investment property		-	(2,683)
Gains on disposals of investments		-	(78)
Impairment loss on intangible assets		-	7,714
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		(9,000)	78
Accounts receivable		(26,298)	32,664
Other receivables		7,145	47,581
Inventories		(279,762)	11,189
Prepayments		21,240	(5,987)
Other current financial assets		(93,010)	-
Other current assets		(2,331)	(9,311)
Changes in operating liabilities			
Contract liabilities		230,751	8,148
Accounts payable		(12,173)	8,407
Other payables		27,941	(5,561)
Provisions		8,891	(1,775)
Other current liabilities		(19,566)	14,791
Net defined benefit liability		(11,291)	(3,620)
Cash (outflow) inflow generated from operations		(60,942)	237,120
Interest received		2,128	3,383
Dividends received		5,929	7,650
Interest paid		(8,712)	(9,439)
Income taxes paid		(13,550)	(32,272)
Net cash flows (used in) from operating activities		(75,147)	206,442

(Continued)

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<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 in financial assets at amortised cost		(19,166)	4,334
Acquisition of property, plant and equipment	6(31)	(6,573)	(5,758)
Acquisition of investment property	6(12)	(60,144)	(117,776)
Acquisition of intangible assets	6(13)	(642)	(705)
Proceeds from disposal of non-current assets classified as held for sale	6(31)	114,289	-
Proceeds from disposal of property, plant and equipment		39	571
Proceeds from disposal of investment properties		-	3,682
Increase in other non-current assets		(1,715)	(1,407)
Increase in refundable deposits		(773)	(1,842)
Increase in other financial assets		-	(15,670)
Net cash flows from (used in) investing activities		<u>28,889</u>	<u>(134,571)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in long-term borrowings	6(32)	352,821	-
Decrease in short-term borrowings	6(32)	(132,359)	(19,536)
Increase in guarantee deposits received	6(32)	161	1,654
Payments of lease liabilities	6(32)	(18,772)	(19,872)
Cash dividends paid	6(21)	(27,716)	(60,975)
Net cash flows from (used in) financing activities		<u>174,135</u>	<u>(98,729)</u>
Effect of exchange rate changes		<u>3,220</u>	<u>(6,361)</u>
Net increase (decrease) in cash and cash equivalents		131,097	(33,219)
Cash and cash equivalents at beginning of year		535,170	568,389
Cash and cash equivalents at end of year		<u>\$ 666,267</u>	<u>\$ 535,170</u>
The components of cash and cash equivalents			
Cash and cash equivalents reported in the statement of financial position		\$ 666,267	\$ 520,648
Cash and cash equivalents classified as (non-current) assets (or disposal group) held for sale		-	14,522
Cash and cash equivalents at end of reporting period		<u>\$ 666,267</u>	<u>\$ 535,170</u>

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

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. History and Organisation

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

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

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

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

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

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

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

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

New Standards, Interpretations and Amendments	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 IFRSs 2018-2020 cycle	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
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, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

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

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

B. Subsidiaries included in the consolidated financial statements:

investor	subsidiary	activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
The Company	ACTION ASIA LTD. (AAL)	A holding and investment company	61.54%	61.54%	
The Company	ALMOND GARDEN CORP. (AGC)	A holding and investment company Repair	100.00%	100.00%	
The Company	REALISE TECH-SERVICE CO., LTD.	services of electronic information products	100.00%	100.00%	
The Company	FAR YEAR CONSTRUCTION CO., LTD. (formerly 'ACTION ASIA DEVELOPMENT IND CO., LTD.')	Housing, building and industrial factory development and rental and real estate leasing and trading	100.00%	100.00%	Note 2
AAL	ACTION INDUSTRIES(M) SDN. BHD. (AMP)	Manufacture and sale of car LCD TVs	100.00%	100.00%	
AAL	SHANGHAI ACTION TECHNOLOGY CO., LTD.	Warehousing services	100.00%	100.00%	
AAL	ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	Research and development, manufacture and sale of electronic products and accessories	100.00%	100.00%	

investor	subsidiary	activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
AAS	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	Research and development, manufacture and sale of electronic products and accessories	100.00%	100.00%	
AAS	ATZ ELECTRONICS CO., LTD.	Research and development, manufacture and sale of automotive electronic products and accessories	-	51.00%	Note 3
AMP	ACTION-TEK SDN. BHD.	Research and development of consumer electronic products	100.00%	100.00%	
AGC	ASD ELECTRONICS LIMITED	Research and development and sale	100.00%	100.00%	
AGC	ACTION ASIA LTD. (AAL)	A holding and investment company	38.46%	38.46%	
AGC	ACTION TECHNOLOGY (JIAN) CO., LTD. (ATJ)	Plant leasing services	-	100.00%	Note 1
AGC	ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	LCD TV products	100.00%	100.00%	

Note 1: On March 29, 2021, the Board of Directors of the Company resolved to dispose a 100% equity interest in ACTION TECHNOLOGY (JIAN) CO., LTD., which was held by the subsidiary, ALMOND GARDEN CORP. (AGC), and set the disposal effective date on June 2, 2021. The consolidated financial statements have classified the assets and liabilities related to ACTION TECHNOLOGY (JIAN) CO., LTD. to disposal group held for sale and liabilities directly relating to disposal group held for sale for meeting the

definition of discontinued operations, and profit or loss of discontinued operations was presented separately in the consolidated statement of comprehensive income. The 2020 consolidated statement of comprehensive income has been restated in accordance with the IFRS 5. Refer to Note 6(7) for details.

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

Note 3: On December 6, 2021, the Board of Directors of ACTION ASIA (SHENZHEN) CO., LTD. resolved to dispose a 51% equity interest in the subsidiary, ATZ ELECTRONICS CO., LTD. Refer to subnote 4 of Note 7(1) for details.

- A. Subsidiaries not included in the consolidated financial statements: None.
- B. Adjustments for subsidiaries with different balance sheet dates: None.
- C. Significant restrictions: None.
- D. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

- A. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.
- B. Foreign currency transactions and balances
 - (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
 - (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
 - (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
 - (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.
- C. Translation of foreign operations

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

(5) Classification of current and non-current items

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

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

months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(6) Cash equivalents

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

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

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

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

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

(9) Financial assets at amortised cost

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

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

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

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

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

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

(13) Inventories

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

(14) Non-current disposal groups held for sale

A. Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is

considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

B. Discontinued operations

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

(15) Investments accounted for using equity method / associates

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

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

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

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

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment

retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of.

(16) Property, plant and equipment

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

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

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

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

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

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest

expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(18) Investment property

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

(19) Intangible assets

A. Trademarks and patents

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

B. Computer software

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

C. Customer relationships

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

D. Goodwill

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

(20) Impairment of non-financial assets

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

impairment had not been recognised.

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

(21) Borrowings

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

(22) Notes and accounts payable

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

(23) Derecognition of financial liabilities

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

(24) Provisions

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

(25) Employee benefits

A. Short-term employee benefits

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

B. Pension

(a) Defined contribution plan

For the defined contribution plans, the contributions are recognised as pension expense when

they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

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

C. Termination benefits

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

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

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

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions

where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells audio-visual electronic products, a variety of home appliances and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from sales is recognised based on the price specified in the contract, net of the estimated sales returns, discounts and other allowances. Accumulated experience is used to estimate and provide for the sales returns, discounts and other allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability (shown as other current liabilities) and an asset recognised as right to recover products from customers (shown as other current assets, others) are recognised for expected sales returns and allowances payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the

payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

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

B. Sales of services

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

C. Real estate sales revenue

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

D. Land development and resale

- (a) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.
- (b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted because the contract does not include a significant financing component.

E. Incremental costs of obtaining a contract

The Group recognises an asset (shown as 'other current assets, others') the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer if the Group expects to recover those costs. The recognised asset is amortised on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates.

The Group recognises an impairment loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive less the costs that have not been recognised as expenses.

(29) Operating segments

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

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

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

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

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

(2) Critical accounting estimates and assumptions

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

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

Details of the Group's investment accounted for using the equity method as of December 31, 2021 are provided in Note 6(8).

B. Impairment assessment of property, plant and equipment and investment properties

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

C. Impairment assessment of intangible assets - trademark right

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

D. Evaluation of inventories

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

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 2,050	\$ 2,660
Checking accounts and demand deposits	611,748	477,555
Time deposits	<u>52,469</u>	<u>40,433</u>
	<u>\$ 666,267</u>	<u>\$ 520,648</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group's cash and cash equivalents pledged for bank borrowings and attached by the court were classified as financial assets at amortised cost – current and other current assets – others. Refer to Note 8 for details.
- C. As of December 31, 2021 and 2020, the Group's time deposits with maturity over 3 months amounted to \$145,090 and \$68,964, respectively, and were recorded under 'financial assets at amortised cost – current'.
- D. The Group's restricted bank deposits pertain to the trust funds from domestic pre-sale properties. The funds in the trust account are for special use only and shall not be withdrawn during the term of the trust, expect for expenses required for construction such as construction payments or various taxes. Refer to Note 9(6) for the trust agreement.

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

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

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Fund beneficiary certificates	\$ 12,000	\$ 3,000
Valuation adjustment	<u>2</u>	<u>(107)</u>
	<u>\$ 12,002</u>	<u>\$ 2,893</u>

- A. As of December 31, 2021 and 2020, the Group has no financial assets at fair value through profit or loss pledged to others.
- B. Amounts relating to net gains (losses) on financial assets at fair value through profit or loss, recorded as ‘other gains and losses’, are provided in Note 6(26).
- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

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

- A. The Group has elected to classify strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$166,166 and \$87,312 as at December 31, 2021 and 2020, respectively.
- B. For the years ended December 31, 2021 and 2020, the amounts of fair value changes recognised in other comprehensive income for financial assets at fair value through other comprehensive income were \$82,428 and (\$28,305), respectively.
- C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$166,166 and \$87,312, respectively.
- D. On March 29, 2021, the Board of Directors resolved to sell 5,100 thousand shares of emerging stock in an open market. In the second quarter of 2021, the Group disposed 159 thousand shares for proceeds of \$3,574. The gain on disposal amounted to \$1,517 and has been transferred to retained earnings.
- E. As of December 31, 2021 and 2020, the Group has no financial assets at fair value through other comprehensive income pledged to others.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive

income is provided in Note 12(2).

(4) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 26,520	\$ 12,736
Accounts receivable	161,545	155,355
Less: Loss allowance	(45,928)	(45,001)
	<u>\$ 142,137</u>	<u>\$ 123,090</u>

A. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$205,281.

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

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

(5) Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Purchased receivables	\$ 4,366	\$ 8,755
Tax refund receivable - business tax	1,796	509
Guarantee deposits receivable	3,396	2,212
Others	9,590	13,633
	<u>\$ 19,148</u>	<u>\$ 25,109</u>
Less: Loss allowance	(6,560)	(10,967)
	<u>\$ 12,588</u>	<u>\$ 14,142</u>

A. In January 2016, the Company's subsidiary - ACTION ASIA (SHENZHEN) CO., LTD. (ACTION ASIA) entered into an 'exclusive sales and cooperation agreement' (including a creditor's rights transfer agreement) with QINGDAO HAIER ELECTRONICS CO., LTD. (HAIER) whereby both parties agreed that HAIER will provide brand and platform resources, and ACTION ASIA will be responsible for production and sale. In addition, ACTION ASIA shall purchase HAIER's accounts receivable arising from the development and engineering of set-top boxes before January 1, 2015 according to the creditor's rights transfer agreement, and HAIER shall deliver a certificate of the obligatory claim to ACTION ASIA. Any aforementioned accounts receivable collected by HAIER shall be transferred to ACTION ASIA (an assignment of claims).

On November 28, 2016, ACTION ASIA filed an arbitration application to the China International Economic and Trade Arbitration Commission for the contract performance dispute between ACTION ASIA and HAIER. On March 29, 2017, both parties signed a settlement agreement stipulating that ACTION ASIA shall continue to perform obligations under the creditor's rights transfer agreement (this creditor's rights are hereinafter referred to as the contract payment), and the remaining contract payment will be offset using ACTION ASIA's accounts receivable due

from and guarantee deposits paid by HAIER amounting to \$142,828 thousand (RMB 32,407 thousand).

As of March 31, 2017, ACTION ASIA has made a contract payment of \$178,900 thousand (RMB 40,593,000) (including the amount that has been offset by using ACTION ASIA's accounts receivable due from and guarantee deposits paid by HAIER) for the purchase of accounts receivable of HAIER. As of December 31, 2021 and 2020, the receivables under the creditor's rights transfer agreement amounted to \$4,366 (RMB 1,005 thousand) and \$8,755 (RMB 2,000 thousand), respectively, shown as other receivables. All receivables have been provided for impairment.

(6) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 109,311	(\$ 21,339)	\$ 87,972
Work in progress	29,725	(1,353)	28,372
Finished goods	31,658	(5,693)	25,965
Merchandise	205,156	(4,356)	200,800
Inventory in transit	15,430	(256)	15,174
Construction in progress	386,025	-	386,025
	<u>\$ 777,305</u>	<u>(\$ 32,997)</u>	<u>\$ 744,308</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 89,613	(\$ 32,163)	\$ 57,450
Work in progress	20,348	(1,296)	19,052
Finished goods	24,915	(8,810)	16,105
Merchandise	205,565	(5,468)	200,097
Inventory in transit	20,488	-	20,488
	<u>\$ 360,929</u>	<u>(\$ 47,737)</u>	<u>\$ 313,192</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2021	2020
Cost of goods sold	\$ 1,089,265	\$ 861,179
(Gains) losses on inventory valuation	(3,018)	12,185
Cost of services	74,460	79,614
Others	31,540	32,607
Less: Costs of discontinued operations	(727)	(5,044)
	<u>\$ 1,191,520</u>	<u>\$ 980,541</u>

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

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

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

(a) According to the mutual agreement, payments will be collected in 4 installments and will all be made before December 31, 2023. As of December 31, 2021, the collected amount was \$130,803 (RMB 30 million), and the outstanding payment of \$125,976 (shown as 'other receivables') will be collected within one year as per the agreement. The registration of equity transfer for the above transaction has been completed.

(b) To safeguard the Group's interests, FARYEAR EDUCATION GROUP shall pledge all of its ownership in ATJ to the Group as collateral for the outstanding payments. The pledge registration has been approved by the registration authority of Ji'an County on July 8, 2021. The assets and liabilities related to ATJ (part of AGC segment) have been reclassified as held for sale and presented as discontinued operations for meeting the definition of discontinued operations.

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

	Year ended December 31	
	2021	2020
Operating cash flows	\$ 1,992	\$ 2,666
Investing cash flows	-	1,622
Financing cash flows	-	(1,042)
Total cash flows	<u>\$ 1,992</u>	<u>\$ 3,246</u>

C. Assets of disposal group classified as held for sale:

There was no such transaction as of December 31, 2021.

	December 31, 2020
Cash	\$ 14,522
Accounts receivable, net	3,120
Prepayments	1,517
Property, plant and equipment	8,960
Investment property	71,546
Other current assets, others	14
	<u>\$ 99,679</u>

D. Liabilities of disposal group classified as held for sale:

There was no such transaction as of December 31, 2021.

	<u>December 31, 2020</u>
Accounts payable and other payables	\$ 4,177
Other current liabilities	<u>2,320</u>
	<u>\$ 6,497</u>

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

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Operating revenue	\$ 4,152	\$ 8,901
Operating costs	(727)	(5,044)
	<u>3,425</u>	<u>3,857</u>
Operating expenses	(9,679)	(2,842)
Non-operating income and expenses	<u>205,011</u>	<u>5,696</u>
Profit before tax of discontinued operations	<u>\$ 198,757</u>	<u>\$ 6,711</u>

(8) Investments accounted for using the equity method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates:		
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	<u>\$ 558,287</u>	<u>\$ 540,091</u>

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

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>2021</u>	<u>Dcember 31, 2020</u>		
DEDE TECHNOLOGY (SHENZHEN)	Mainland China	40%	40%	Strategic investments	Equity method

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

Balance sheets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 34,207	\$ 32,748
Non-current assets	1,909,626	2,000,340
Current liabilities	(9,501)	(125,511)
Non-current liabilities	(538,614)	(557,349)
Total net assets	<u>\$ 1,395,718</u>	<u>\$ 1,350,228</u>

Share in associate's net assets (carrying amount of the associate)	<u>\$ 558,287</u>	<u>\$ 540,091</u>
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Statements of comprehensive income

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue	<u>\$ 113,398</u>	<u>\$ 101,767</u>
Profit (loss) for the year from continuing operations	<u>\$ 50,858</u>	<u>(\$ 12,363)</u>
Total comprehensive income (loss)	<u>\$ 20,343</u>	<u>(\$ 4,945)</u>

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

(9) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 43,227	\$ 174,241	\$ 17,400	\$ 22,422	\$ 96,543	\$ 353,833
Accumulated depreciation	-	(68,617)	(11,065)	(13,942)	(83,406)	(177,030)
	<u>\$ 43,227</u>	<u>\$ 105,624</u>	<u>\$ 6,335</u>	<u>\$ 8,480</u>	<u>\$ 13,137</u>	<u>\$ 176,803</u>
<u>2021</u>						
Opening net book amount as at January 1	\$ 43,227	\$ 105,624	\$ 6,335	\$ 8,480	\$ 13,137	\$ 176,803
Additions	-	1,405	-	1,359	3,142	5,906
Disposals	-	-	(288)	-	-	(288)
Reclassifications	-	(2,279)	-	(667)	-	(2,946)
Depreciation charge	-	(4,078)	(2,298)	(1,621)	(6,215)	(14,212)
Net exchange differences	-	(1,775)	46	(396)	(156)	(2,281)
Closing net book amount as at December 31	<u>\$ 43,227</u>	<u>\$ 98,897</u>	<u>\$ 3,795</u>	<u>\$ 7,155</u>	<u>\$ 9,908</u>	<u>\$ 162,982</u>
<u>At December 31, 2021</u>						
Cost	\$ 43,227	\$ 169,914	\$ 13,274	\$ 21,617	\$ 96,045	\$ 344,077
Accumulated depreciation	-	(71,017)	(9,479)	(14,462)	(86,137)	(181,095)
	<u>\$ 43,227</u>	<u>\$ 98,897</u>	<u>\$ 3,795</u>	<u>\$ 7,155</u>	<u>\$ 9,908</u>	<u>\$ 162,982</u>

<u>At January 1, 2020</u>	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
Cost	\$ 107,586	\$ 197,744	\$ 43,936	\$ 22,198	\$ 101,671	\$ 21,392	\$ 494,527
Accumulated depreciation	-	(74,793)	(29,457)	(13,603)	(88,884)	-	(206,737)
Accumulated impairment	-	-	(6,302)	-	(321)	-	(6,623)
	<u>\$ 107,586</u>	<u>\$ 122,951</u>	<u>\$ 8,177</u>	<u>\$ 8,595</u>	<u>\$ 12,466</u>	<u>\$ 21,392</u>	<u>\$ 281,167</u>
<u>2020</u>							
Opening net book amount as at January 1	\$ 107,586	\$ 122,951	\$ 8,177	\$ 8,595	\$ 12,466	\$ 21,392	\$ 281,167
Additions	-	114	525	1,728	6,603	-	8,970
Disposals	-	-	(10)	(42)	-	-	(52)
Reclassifications	(64,359)	(13,001)	(1)	(65)	(18)	(21,392)	(98,836)
Depreciation charge	-	(5,305)	(2,390)	(1,605)	(5,945)	-	(15,245)
Net exchange differences	-	865	34	(131)	31	-	799
Closing net book amount as at December 31	<u>\$ 43,227</u>	<u>\$ 105,624</u>	<u>\$ 6,335</u>	<u>\$ 8,480</u>	<u>\$ 13,137</u>	<u>\$ -</u>	<u>\$ 176,803</u>
<u>At December 31, 2020</u>							
Cost	\$ 43,227	\$ 174,241	\$ 17,400	\$ 22,422	\$ 96,543	\$ -	\$ 353,833
Accumulated depreciation	-	(68,617)	(11,065)	(13,942)	(83,406)	-	(177,030)
Accumulated impairment	-	-	-	-	-	-	-
	<u>\$ 43,227</u>	<u>\$ 105,624</u>	<u>\$ 6,335</u>	<u>\$ 8,480</u>	<u>\$ 13,137</u>	<u>\$ -</u>	<u>\$ 176,803</u>

A. Information about the reclassifications of property for the year ended December 31, 2020 is provided in Note 6(12).

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

(10) Lease transactions — lessee

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,279	\$ 1,839
Buildings and structures	43,405	38,924
Transportation equipment	995	1,790
	<u>\$ 45,679</u>	<u>\$ 42,553</u>

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 524	\$ 538
Buildings and structures	17,950	19,597
Transportation equipment	795	596
	<u>\$ 19,269</u>	<u>\$ 20,731</u>

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$26,042 and \$24,742, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 814	\$ 1,085
Expense on short-term lease contracts	7,575	4,371
Expense on leases of low-value assets	218	208
Gains arising from lease modifications	47	37

- F. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$27,379 and \$25,536, respectively.
- G. The Group entered into land use right contracts for the lands in Shanghai and Penang, and subleased the lands under operating lease agreements. Details of relevant right-of-use assets that were recorded as investment property are provided in Note 6(12). The aforementioned amounts related to right-of-use assets do not include the right-of-use assets that meet the definition of investment property.

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

(11) Leasing arrangements – lessor

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

B. For the years ended December 31, 2021 and 2020, the Group recognised rent income in the amounts of \$147,240 and \$150,522, 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, 2021</u>	<u>December 31, 2020</u>
1 st year	\$ 131,825	\$ 126,879
2 nd year	89,416	107,514
3 rd year	39,210	65,632
4 th year	6,543	36,543
After 5 th year	-	7,298
	<u>\$ 266,994</u>	<u>\$ 343,866</u>

(12) Investment property

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

	2020				
	Land	Buildings and structures	Right-of-use assets	Investment property under construction	Total
At January 1					
Cost	\$ 69,342	\$ 1,049,516	\$ 69,164	\$ -	\$ 1,188,022
Accumulated depreciation and impairment	-	(173,174)	(1,729)	-	(174,903)
	<u>\$ 69,342</u>	<u>\$ 876,342</u>	<u>\$ 67,435</u>	<u>\$ -</u>	<u>\$ 1,013,119</u>
Opening net book amount as at January					
	\$ 69,342	\$ 876,342	\$ 67,435	\$ -	\$ 1,013,119
Additions	-	2,181	-	115,595	117,776
Disposals	-	(982)	-	-	(982)
Reclassifications	(1,932)	(547)	-	92,345	89,866
Reclassified as held for sale	-	(67,873)	(3,673)	-	(71,546)
Depreciation charge	-	(23,897)	(1,701)	-	(25,598)
Net exchange differences	-	12,748	129	-	12,877
Closing net book amount as at December 31	<u>\$ 67,410</u>	<u>\$ 797,972</u>	<u>\$ 62,190</u>	<u>\$ 207,940</u>	<u>\$ 1,135,512</u>
At December 31					
Cost	\$ 67,410	\$ 962,128	\$ 65,449	\$ 207,940	\$ 1,302,927
Accumulated depreciation and impairment	-	(164,156)	(3,259)	-	(167,415)
	<u>\$ 67,410</u>	<u>\$ 797,972</u>	<u>\$ 62,190</u>	<u>\$ 207,940</u>	<u>\$ 1,135,512</u>

- A. To active the assets, the Group 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’ as approved by the Board of Directors on June 15, 2020. The Group 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 Group changed its plan regarding the future operating purpose of the ‘Yisheng Zhihui Science and Technology Park’ development project and decided to commission Haiju Development Co., Ltd. to sell the properties of this project. In accordance with IAS 40, the Group shall transfer the assets from investment properties to construction in progress (shown as ‘inventories’) when there is a change in use of property.
- 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, 21.29% of properties shall be retained and shall not be transferred to others without the consent of the Ministry of Economic Affairs within 5 years. As of December 31, 2021, the value of the retained property calculated by the Group based on the retained ratio was \$104,417, of which \$15,107 was recorded as investment property

– land and \$89,310 was recorded as investment property – buildings.

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

	Year ended December 31	
	2021	2020
Rental income from investment property	\$ 147,240	\$ 150,412
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 47,290	\$ 35,460
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ 1,553	\$ 1,133

E. The fair value of the investment property held by the Group as at December 31, 2021 and 2020 were valued by the management based on the quoted prices in the neighboring area by real estate agents or information available on the real estate actual purchase price registration system, and some were valued by an external appraiser using the Level 3 inputs on the balance sheet date. The carrying amount of right-of-use assets was also considered in their valuations. Valuation methods used by the above external appraiser are comparison approach, cost approach and income approach.

The fair value of the investment property as at December 31, 2021 and 2020 was \$1,483,624 and \$2,071,467, respectively.

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

(13) Intangible assets

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

	<u>Kolin trademark</u>	<u>Patents</u>	<u>Goodwill</u>	<u>relationships</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>						
Cost	\$ 295,345	\$ 276	\$ 7,756	\$ 12,143	\$ 2,267	\$ 317,787
Accumulated amortisation	(66,363)	(276)	-	(9,208)	(2,072)	(77,919)
Accumulated impairment	-	-	-	-	-	-
	<u>\$ 228,982</u>	<u>\$ -</u>	<u>\$ 7,756</u>	<u>\$ 2,935</u>	<u>\$ 195</u>	<u>\$ 239,868</u>
<u>2020</u>						
Opening net book amount as at January 1	\$ 228,982	\$ -	\$ 7,756	\$ 2,935	\$ 195	\$ 239,868
Additions	365	-	-	-	340	705
Amortisation charge	(5,565)	-	-	(1,215)	(271)	(7,051)
Impairment	-	-	(7,714)	-	-	(7,714)
Net exchange differences	-	-	(42)	-	5	(37)
Closing net book amount as at December 31	<u>\$ 223,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,720</u>	<u>\$ 269</u>	<u>\$ 225,771</u>
<u>At December 31, 2020</u>						
Cost	\$ 295,710	\$ 276	\$ 7,714	\$ 12,143	\$ 2,612	\$ 318,455
Accumulated amortisation	(71,928)	(276)	-	(10,423)	(2,343)	(84,970)
Accumulated impairment	-	-	(7,714)	-	-	(7,714)
	<u>\$ 223,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,720</u>	<u>\$ 269</u>	<u>\$ 225,771</u>

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

	Year ended December 31	
	2021	2020
Operating costs	\$ 1,214	\$ 1,215
Selling expenses	5,608	5,565
General and administrative expenses	211	271
	<u>\$ 7,033</u>	<u>\$ 7,051</u>

(14) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate	Collateral
Bank borrowings			
Unsecured borrowings	\$ 66,727	1.30%~4.25%	None
Secured borrowings	<u>328,183</u>	1.22%~2.49%	Refer to Note 8
	<u>\$ 394,910</u>		
Type of borrowings	December 31, 2020	Interest rate	Collateral
Bank borrowings			
Unsecured borrowings	\$ 119,027	1.05%~1.80%	None
Secured borrowings	<u>412,022</u>	1.05%~2.49%	Refer to Note 8
	<u>\$ 531,049</u>		

(15) Long-term borrowings

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

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

(16) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Wages and salaries and bonuses payable	\$ 39,402	\$ 40,031
Employee bonus payable	12,653	2,592
Directors' and supervisors' remuneration payable	10,518	2,347
Royalties payable	42,185	41,613
Service expenses payable	8,220	7,448
Others	<u>45,922</u>	<u>41,567</u>
	<u>\$ 158,900</u>	<u>\$ 135,598</u>

(17) Provisions

	<u>Warranty</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 27,434	\$ 24,547
Additional provisions	15,641	9,676
Used during the year	(5,302)	(6,249)
Unused amounts reversed	(1,199)	(5,202)
Others	(225)	5,148
Exchange difference	<u>(1,641)</u>	<u>(486)</u>
At December 31	<u>\$ 34,708</u>	<u>\$ 27,434</u>

Analysis of total provisions:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	<u>\$ 26,168</u>	<u>\$ 21,193</u>
Non-current	<u>\$ 8,540</u>	<u>\$ 6,241</u>

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

(18) Pension

A. Defined benefit plans

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3%~10% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent

retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 40,291)	(\$ 69,277)
Fair value of plan assets	<u>19,539</u>	<u>34,915</u>
Net defined benefit liability (shown as other non-current liabilities)	<u>(\$ 20,752)</u>	<u>(\$ 34,362)</u>

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

	<u>2021</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	(\$ 69,277)	\$ 34,915	(\$ 34,362)
Current service cost	(1,079)	-	(1,079)
Interest (expense) income	(208)	<u>104</u>	(104)
	<u>(70,564)</u>	<u>35,019</u>	<u>(35,545)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income)	-	500	500
Change in demographic assumptions	(20)	-	(20)
Change in financial assumptions	1,152	-	1,152
Experience adjustments	<u>1,065</u>	<u>-</u>	<u>1,065</u>
	<u>2,197</u>	<u>500</u>	<u>2,697</u>
Pension fund contribution	-	12,096	12,096
Paid pension	<u>28,076</u>	<u>(28,076)</u>	<u>-</u>
At December 31	<u>(\$ 40,291)</u>	<u>\$ 19,539</u>	<u>(\$ 20,752)</u>

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 63,822)	\$ 28,234	(\$ 35,588)
Current service cost	(1,049)	-	(1,049)
Interest (expense) income	(433)	187	(246)
	<u>(65,304)</u>	<u>28,421</u>	<u>(36,883)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income)	-	981	981
Change in financial assumptions	(1,897)	-	(1,897)
Experience adjustments	(2,076)	-	(2,076)
	<u>(3,973)</u>	<u>981</u>	<u>(2,992)</u>
Pension fund contribution	-	5,513	5,513
At December 31	<u>(\$ 69,277)</u>	<u>\$ 34,915</u>	<u>(\$ 34,362)</u>

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

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

	Year ended December 31	
	2021	2020
Discount rate	0.6%~0.7%	0.3%
Future salary increases	1.0%~1.5%	1.0%~1.5%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit	(\$ 735)	\$ 758	\$ 652	(\$ 638)
December 31, 2020				
Effect on present value of defined benefit	(\$ 1,258)	\$ 1,291	\$ 1,105	(\$ 1,083)

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, 2022 amount to \$2,580.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 6 ~ 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	3,502
1 ~ 2 year(s)	3,612
2 ~ 5 years	6,542
Over 5 years	17,392
	<u>\$ 31,048</u>

B. Defined contribution plans

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

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

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

(c) The Company’s mainland China subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China are based on certain percentage of

employees' monthly salaries and wages. The contribution percentage was 6%. Other than the monthly contributions, the Group has no further obligations. Due to the impact of COVID-19 pandemic in the China in early 2020, local governments exempted the subsidiaries from making pension contributions for the period from February 2020 to December 31, 2020.

(d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$6,911 and \$6,402, respectively.

(19) Share capital

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

(20) Capital surplus

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

	2021		
	Overdue dividends	Changes in ownership interests in subsidiaries	Total
At January 1 (at December 31)	\$ 259	\$ 1,343	\$ 1,602
	December 31, 2020		
	Overdue dividends	Changes in ownership interests in subsidiaries	Total
At January 1	\$ 259	\$ -	\$ 259
Changes in ownership interests in subsidiaries	-	1,343	1,343
At December 31	\$ 259	\$ 1,343	\$ 1,602

(21) Retained earnings

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

earnings, shall be proposed by the Board of Directors and resolved at the shareholders' meeting as dividends to shareholders.

- B. In accordance with the Company's dividend policy in the Articles of Incorporation, dividends are distributed by taking into consideration the Company's operational needs and shareholders' maximum interests, future capital expenditures and capital needs. Cash dividends shall account for at least 30% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2020 and 2019 earnings as resolved at the shareholders' meetings on August 5, 2021 and June 15, 2020, respectively, are as follows:

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

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

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

Year ended December 31, 2021

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

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

(22) Other equity items

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

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

(23) Operating revenue

	Year ended December 31	
	2021	2020
Revenue from contracts with customers		
Sales of goods	\$ 1,318,332	\$ 1,050,550
Sales of services	<u>62,062</u>	<u>70,691</u>
	1,380,394	1,121,241
Rental revenue	136,224	139,246
Other operating revenue	23,526	29,291
Less: Operating revenue from discontinued operations	(<u>4,152</u>)	(<u>8,901</u>)
	<u>\$ 1,535,992</u>	<u>\$ 1,280,877</u>

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31	
	2021	2020
Brand management – sales of goods	\$ 673,393	\$ 664,413
Automotive electronics	<u>664,313</u>	<u>406,527</u>
	<u>\$ 1,337,706</u>	<u>\$ 1,070,940</u>

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

	Year ended December 31	
	2021	2020
Brand management – sales of services	\$ 62,062	\$ 70,691
Asset activation – rents	<u>136,224</u>	<u>139,246</u>
	<u>\$ 198,286</u>	<u>\$ 209,937</u>

Note 1: Brand management is operated by Taiwan segment.

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

B. Contract liabilities

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contract liabilities:			
Sales of goods	\$ 88,318	\$ 23,694	\$ 15,546
Pre-sales of properties	<u>163,835</u>	<u>-</u>	<u>-</u>
	<u>\$ 252,153</u>	<u>\$ 23,694</u>	<u>\$ 15,546</u>

	Year ended December 31	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Sales of goods	\$ 23,143	\$ 15,088
(24) <u>Interest income</u>		
	Year ended December 31	
	2021	2020
Interest income from bank deposits	\$ 2,092	\$ 3,361
Other interest income	68	22
Less: Interest income from discontinued operations	(32)	(116)
	\$ 2,128	\$ 3,267
(25) <u>Other income</u>		
	Year ended December 31	
	2021	2020
Rental income	\$ 11,016	\$ 11,276
Dividend income	5,929	7,650
Income from endorsements and guarantees	3,585	29,080
Other income	3,404	4,565
Less: Other income from discontinued operations	-	(818)
	\$ 23,934	\$ 51,753
(26) <u>Other gains and losses</u>		
	Year ended December 31	
	2021	2020
Gains on disposal of assets classified as held for sale	\$ 204,940	\$ -
Impairment loss on intangible assets	-	(7,714)
(Losses) gains on disposals of property, plant and equipment	(249)	526
Gains on disposals of investment property	-	2,683
Gains arising from lease modifications	47	37
Net currency exchange gains (losses)	5,654	(7,099)
Gains (losses) on change in value of financial assets at fair value through profit or loss	109	(5)
Others	(3,660)	(583)
Less: Other gains from discontinued operations	(204,979)	(4,762)
	\$ 1,862	\$ 16,917

(27) Finance costs

	Year ended December 31	
	2021	2020
Interest expense on bank borrowings	\$ 7,838	\$ 9,400
Interest expense on lease liabilities	814	1,085
Other financial expenses	60	1
	<u>\$ 8,712</u>	<u>\$ 10,486</u>

(28) Employee benefits, depreciation and amortisation expenses

	Year ended December 31	
	2021	2020
Employee benefit expense		
Wages and salaries	\$ 218,274	\$ 201,536
Labour and health insurance fees	14,411	9,956
Pension costs	8,094	7,697
Other employee benefit expense	12,442	11,138
	<u>\$ 253,221</u>	<u>\$ 230,327</u>
Depreciation charge	<u>\$ 56,955</u>	<u>\$ 61,574</u>
Amortisation charge	<u>\$ 7,649</u>	<u>\$ 8,567</u>

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

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

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

Employees' compensation and directors' and supervisors' remuneration for 2020 amounting to

\$2,592 and \$2,073, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

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

(29) Income tax

A. Income tax expenses

(a) Components of income tax expense:

	Year ended December 31	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 30,062	\$ 95,471
Prior year income tax under (over) estimation	92 (64,120)
Deferred tax:		
Origination and reversal of temporary differences	18,219	5,843
Income tax expenses	<u>\$ 48,373</u>	<u>\$ 37,194</u>

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

	Year ended December 31	
	2021	2020
Currency translation differences	(\$ 12,173)	\$ 4,813
Remeasurements of defined benefit plans	540 (598)
	<u>(\$ 11,633)</u>	<u>\$ 4,215</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 11,844	\$ 42,615
Expenses disallowed by tax regulation	7,151	5,629
Tax exempt income by tax regulation	-	33,732
Tax losses not recognised as deferred tax assets	7,089	1,071
Change in assessment of realisation of deferred tax assets	22,197	18,267
Prior year income tax under (over) estimation	92 (64,120)
Income tax expenses	<u>\$ 48,373</u>	<u>\$ 37,194</u>

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

2021					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Others	December 31
– Deferred tax assets:					
Temporary differences:					
Unrealised inventory valuation loss	\$ 5,336	\$ -	\$ -	\$ -	\$ 5,336
Loss allowance	12,220	1,285	-	-	13,505
Unrealised after-sale service fees	158	-	-	-	158
Remeasurements of defined benefit	1,343	-	(540)	-	803
Currency translation differences	63,309	-	12,173	-	75,482
Loss carryforward	<u>87,876</u>	<u>(27,355)</u>	<u>-</u>	<u>(5)</u>	<u>60,516</u>
	<u>\$ 170,242</u>	<u>(\$ 26,070)</u>	<u>\$ 11,633</u>	<u>(\$ 5)</u>	<u>\$ 155,800</u>
– Deferred tax liabilities:					
Reserve for land value increment tax	(25,517)	-	-	-	(25,517)
Gain on long-term equity investments	(87,876)	7,307	-	5	(80,564)
Others	(10,654)	544	-	-	(10,110)
	<u>(\$ 124,047)</u>	<u>\$ 7,851</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>(\$ 116,191)</u>
	<u>\$ 46,195</u>	<u>(\$ 18,219)</u>	<u>\$ 11,633</u>	<u>\$ -</u>	<u>\$ 39,609</u>
2020					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Others	December 31
– Deferred tax assets:					
Temporary differences:					
Unrealised inventory valuation loss	\$ 180	\$ 5,039	\$ -	\$ 117	\$ 5,336
Loss allowance	23,557	(11,475)	-	138	12,220
Unrealised after-sale service fees	224	(68)	-	2	158
Remeasurements of defined benefit plans	745	-	598	-	1,343
Currency translation differences	68,122	-	(4,813)	-	63,309
Loss carryforward	<u>113,428</u>	<u>(25,552)</u>	<u>-</u>	<u>-</u>	<u>87,876</u>
	<u>\$ 206,256</u>	<u>(\$ 32,056)</u>	<u>(\$ 4,215)</u>	<u>\$ 257</u>	<u>\$ 170,242</u>
– Deferred tax liabilities:					
Gain on valuation of financial assets	(431)	431	-	-	-
Reserve for land value increment tax	(25,517)	-	-	-	(25,517)
Gain on long-term equity investments	(113,428)	25,552	-	-	(87,876)
Remeasurements of defined benefit plans	(230)	230	-	-	-
Others	(11,010)	-	-	356	(10,654)
	<u>(\$ 150,616)</u>	<u>\$ 26,213</u>	<u>\$ -</u>	<u>\$ 356</u>	<u>(\$ 124,047)</u>
	<u>\$ 55,640</u>	<u>(\$ 5,843)</u>	<u>(\$ 4,215)</u>	<u>\$ 613</u>	<u>\$ 46,195</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the

Company and domestic subsidiaries are as follows:

December 31, 2021

Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Expiry date
2011	\$ 61,089	\$ 19,004	\$ 19,004	2021
2014	465,937	397,792	265,626	2024
2015	14,352	11,952	-	2025
2016	121,674	120,090	-	2027
2018	41,446	38,446	417	2028
2019	5,351	1,526	1,183	2029
2020	5,356	5,356	5,356	2030
2021	41,374	35,445	35,445	2031
	<u>\$ 756,579</u>	<u>\$ 629,611</u>	<u>\$ 327,031</u>	

December 31, 2020

Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Expiry date
2011	\$ 61,089	\$ 32,679	\$ 32,679	2021
2014	465,937	397,792	90,509	2024
2015	14,352	11,952	2,689	2025
2017	121,674	120,090	27,021	2027
2018	41,446	38,446	8,974	2028
2019	5,351	1,526	1,260	2029
2020	5,356	5,356	5,356	2030
	<u>\$ 715,205</u>	<u>\$ 607,841</u>	<u>\$ 168,488</u>	

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences	<u>\$ 124,803</u>	<u>\$ 140,706</u>

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

Company name	Year assessed
The Company	2019
REALISE TECH-SERVICE CO., LTD.	2019
FAR YEAR CONSTRUCTION CO., LTD. (formerly ‘ ACTION ASIA DEVELOPMENT IND CO., LTD.’)	2019

(30) Earnings per share

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

	Year ended December 31, 2020		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to the parent	\$ 39,385	277,158	\$ 0.15
Profit from discontinued operations attributable to the parent	<u>6,711</u>	<u>277,158</u>	<u>0.02</u>
Profit attributable to the parent	<u>\$ 46,096</u>	<u>277,158</u>	<u>\$ 0.17</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to the parent	\$ 39,385	277,158	\$ 0.15
Employees' compensation	-	431	
Profit from continuing operations attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	<u>39,385</u>	<u>277,589</u>	<u>\$ 0.15</u>
Profit from discontinued operations attributable to the parent	<u>6,711</u>	<u>277,589</u>	<u>0.02</u>
Profit attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 46,096</u>	<u>277,589</u>	<u>\$ 0.17</u>

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31	
	<u>2021</u>	<u>2020</u>
Purchase of property, plant and equipment	\$ 5,906	\$ 8,970
Add: Opening balance of payable on equipment	667	-
Less: Ending balance of payable on equipment	-	(667)
Less: Transfers to prepayments for business facilities	<u>-</u>	<u>(2,545)</u>
Cash paid during the year	<u>\$ 6,573</u>	<u>\$ 5,758</u>

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

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

(32) Changes in liabilities from financing activities

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

2020

				Liabilities
	Short-term borrowings	Long-term borrowings	Lease liabilities	from financing activities -gross
At January 1	\$ 552,523	\$ 20,122	\$ 43,787	\$ 616,432
Changes in cash flow from financing activities	(19,536)	1,654	(19,872)	(37,754)
Changes in lease liabilities	-	-	13,605	13,605
Changes in other non-cash items	-	(762)	-	(762)
Impact of changes in foreign exchange rate	(1,938)	(574)	218	(2,294)
At December 31	<u>\$ 531,049</u>	<u>\$ 20,440</u>	<u>\$ 37,738</u>	<u>\$ 589,227</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
DEDE TECHNOLOGY (SHENZHEN) CO., LTD. (DEDE)	Associate
FARYEAR EDUCATION GROUP (FARYEAR)	Other related party
TUNG YUH LOGISTICS CORPORATION (TUNG YUH)	Other related party (Note 1)
YOU YUAN LAI INVESTMENT LTD. (YOU YUAN LAI)	Other related party (Note 2)
BEST DENKI LTD. (BEST)	Other related party (Note 3)
WANG, KUO-CHIANG	Other related party (Note 4)

Note 1: The Company re-elected its directors at the shareholders' annual general meeting on June 15, 2020, and TUNG YUH LOGISTICS CORPORATION is no longer a related party of the Company since June 15, 2020.

Note 2: The Company re-elected its directors at the shareholders' annual general meeting on June 15, 2020, and YOU YUAN LAI INVESTMENT LTD. becomes a related party of the Company since June 15, 2020.

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.

Note 4: On December 6, 2021, the Board of Directors of ACTION ASIA (SHENZHEN) CO., LTD. resolved to dispose a 51% equity interest in its subsidiary, ATZ ELECTRONICS CO., LTD. Thus, the Group lost its control over the subsidiary. The proceeds from the transaction

amounted to \$4 thousand (RMB 1 thousand). WANG, KUO-CHIANG is no longer a related party of the Company since December 6, 2021.

(2) Significant related party transactions

A. Receivables from related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
Other related parties	\$ 4,866	\$ 7,986
Less: Loss allowance	(4,866)	(4,866)
	-	3,120
Accounts receivable from discontinued operations	-	(3,120)
	<u>\$ -</u>	<u>\$ -</u>
Other receivables:		
Other related parties		
-BEST	\$ 93,353	\$ 93,353
-FARYEAR	125,976	-
Associates	-	5,252
Less: Loss allowance	219,329	98,605
	(74,469)	(74,469)
	<u>\$ 144,860</u>	<u>\$ 24,136</u>

B. Endorsements and guarantees provided to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates		
-DEDE	<u>\$ 312,768</u>	<u>\$ 315,144</u>

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

C. The Group issued guarantee notes of \$50,000 thousand to YOU YUAN LAI as the performance guarantee for a development project of ‘Yisheng Zhihui Science and Technology Park’. Refer to Note 6(12) for details.

D. The Group disposed the subsidiary, ATJ, to FARYEAR in the first half of 2021 and received collateral as guarantee for payments. Details are provided in Note 6(7).

E. On December 6, 2021, the Board of Directors resolved to dispose a 51% equity interest of the subsidiary, ATZ ELECTRONICS CO., LTD. Refer to sub-note 4 of Note 7(1) for details.

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	<u>\$ 45,330</u>	<u>\$ 35,995</u>

8. Pledged Assets

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

Pledged assets	Book value		Purpose
	December 31, 2021	December 31, 2020	
Time deposits (shown as financial assets at amortised cost – current)	\$ -	\$ 56,960	Bank borrowings
Demand deposits (shown as other current assets, others)	-	15,670	Court attachments
Guarantee deposits paid (including non-current)	1,000	1,000	Guarantees for purchasing materials
Investments accounted for using the equity method	558,287	540,091	Guarantees for associate's borrowings
Property, plant and equipment - land and buildings	67,045	70,476	Bank borrowings
Right-of-use assets	9,629	10,712	Bank borrowings
Investment property - land and buildings	125,373	171,359	Bank borrowings
Inventories - construction in progress	55,847	-	Bank borrowings
	<u>\$ 817,181</u>	<u>\$ 866,268</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) As of December 31, 2021 and 2020, the guarantee notes issued by the Group for unsecured loan facilities amounted to \$1,656,000 and \$711,000, respectively.
- (2) As of December 31, 2021 and 2020, the outstanding usance letters of credit issued by the Group for purchasing goods and raw materials amounted to \$54,180 and \$53,699, respectively.
- (3) The Group launched a 'Yishengzhihui Science and Technology Park' development project and proceeds from property pre-sale contracts with customers are as follows:

	December 31, 2021	December 31, 2020
Contract price of sales contracts signed (tax included)	<u>\$ 1,110,460</u>	<u>\$ -</u>
Amount collected as agreed (tax excluded) (Shown as 'contract liabilities - current')	<u>\$ 163,835</u>	<u>\$ -</u>

- (4) As of December 31, 2021, the total amount of construction and commissioning contract for the 'Yishengzhihui Science and Technology Park' development project was approximately \$1,205,389. As of December 31, 2021, the consideration paid amounted to \$229,390.
- (5) Details of marketing agreement entered into by the Group as of December 31, 2021 are as follows:

Name of project	Contract signing date	Sale period
Yishengzhihui Science and Technology Park	2020.9.15	One year from the obtainment of use permit

- (6) Details of the Group's trust agreement with a financial institution and type of trust for construction in progress as of December 31, 2021 are as follows:

<u>Name of project</u>	<u>Type of trust</u>	<u>Trust bank</u>
Yishengzhihui Science and Technology Park	Real estate transaction trust	Trust department of First Commercial Bank

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Details of the appropriation of 2021 earnings as proposed by the Board of Directors on March 29, 2022 are provided in Note 6(21).

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</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	\$ 12,002	\$ 2,893
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 166,166	\$ 87,312
Financial assets at amortised cost	\$ 1,116,434	\$ 814,603
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 1,028,314	\$ 800,619
Lease liabilities (including current and non-current)	\$ 41,365	\$ 37,738

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

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's

financial policy tends toward conservatism principle, and therefore the Group does not operate the high-risk and complex derivative financial instruments.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

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

December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:HKD	\$ 5,106	7.80	\$ 141,339
USD:RMB	1,204	6.37	33,321
USD:NTD	2,823	27.68	78,143
USD:MYR	8,197	4.18	226,901
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:HKD	\$ 517	7.80	\$ 14,310
USD:NTD	2,846	27.68	78,782
USD:MYR	2,009	4.18	55,617

December 31, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:HKD	\$ 1,005	7.75	\$ 28,617
USD:RMB	1,764	6.51	50,234
USD:NTD	3,156	28.48	89,884
USD:MYR	4,900	4.01	139,540
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:HKD	398	7.75	11,321
USD:NTD	1,267	28.48	36,098
USD:MYR	3,254	4.01	92,684

- iv. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to a gain of \$3,323 and a loss of (\$7,099), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended 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:HKD	1%	\$ 1,413	\$	-	-
USD:RMB	1%	333		-	-
USD:NTD	1%	781		-	-
USD:MYR	1%	2,269		-	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:HKD	1%	143		-	-
USD:NTD	1%	788		-	-
USD:MYR	1%	556		-	-

Year ended December 31, 2020

Sensitivity analysis					
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income		
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:HKD	1%	\$ 286	\$	-	-
USD:RMB	1%	502		-	-
USD:NTD	1%	899		-	-
USD:MYR	1%	1,395		-	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:HKD	1%	113		-	-
USD:NTD	1%	361		-	-
USD:MYR	1%	927		-	-

Price risk

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

of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% or liquidity discount rate had changes by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$120 and \$29, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,662 and \$873, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's borrowings are fixed-rate debts. The changes in market interest rates do not affect future cash flows, and thus the Group is not exposed to cash flow risk arising from interest rate changes.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$5,982 and \$4,248, respectively.

(b) Credit risk

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

low.

- v. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 108,426	\$ 26,520	\$ 98,368	\$ 12,736
Up to 30 days	7,505	-	2,694	-
31 to 90 days	275	-	5,074	-
91 to 180 days	251	-	164	-
Over 180 days	45,088	-	49,055	-
	<u>\$ 161,545</u>	<u>\$ 26,520</u>	<u>\$ 155,355</u>	<u>\$ 12,736</u>

The above ageing analysis was based on past due date.

- vi. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group used the forecastability of data obtained from the Business Indicators Data Base of the National Development Council and the Basel Committee on Banking Supervision to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2021 and 2020, the loss rate is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total</u>
<u>December 31, 2021</u>				
Expected loss rate	0.04%~100%	4%~100%	0.03%~0.09%	
Total book value	\$ 112,920	\$ 52,057	\$ 23,088	\$ 188,065
Loss allowance	\$ 4,959	\$ 40,969	\$ -	\$ 45,928
<u>December 31, 2022</u>				
Expected loss rate	0.04%~100%	4.43%~100%	0.03%~0.09%	
Total book value	\$ 75,509	\$ 62,203	\$ 30,379	\$ 168,091
Loss allowance	\$ 4,960	\$ 40,011	\$ 30	\$ 45,001

Group A: Customers in Taiwan.

Group B. Customers in Mainland China.

Group C. Customer in Malaysia.

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

	2021
	<u>Receivables</u>
At January 1	\$ 45,001
Provision for impairment	2,751
Effect of exchange rate changes	(1,824)
At December 31	<u>\$ 45,928</u>
	2020
	<u>Receivables</u>
At January 1	\$ 56,450
Gains on reversal of credit impairment	(11,899)
Write-off during the year	(103)
Effect of exchange rate changes	553
At December 31	<u>\$ 45,001</u>

(c) Liquidity risk

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

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

December 31, 2020	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 531,049	\$ -
Accounts payable	113,532	-
Other payables	135,598	-
Lease liabilities	20,375	19,250

(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.

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

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

B. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 are as follows:

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

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 12,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,002</u>
Financial assets at fair value through other comprehensive income	<u>\$ 166,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,166</u>
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 2,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,893</u>
Financial assets at fair value through other comprehensive income	<u>\$ 87,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,312</u>

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

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

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

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

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

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

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

13. Supplementary Disclosures

(1) Significant transactions information

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

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

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

- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Information

(1) General information

The Company's management considers the business and makes decisions from a group system and a geographic perspective. The reportable operating segments are ACTION ASIA LTD. group (AAL), ALMOND GARDEN CORP. group (AGC) and the operating segment in Taiwan.

(2) Measurement of segment information

The Group evaluates performance of each operating segment based on post-tax profit. All operating segments apply the same accounting policies as detailed in Note 4 of the consolidated financial statements. Loans between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income.

(4) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2021	Reconciliation			
	AAL segment	AGC segment	Taiwan segment	Total
Revenue from external customers	\$ 800,537	\$ -	\$ 735,455	\$ 1,535,992
Inter-segment revenue	738,651	25,383	39,605	(803,639)
Total segment revenue	\$ 1,539,188	\$ 25,383	\$ 775,060	\$ 1,535,992
Segment income (loss)	\$ 126,968	\$ 238,592	\$ 226,749	\$ 592,317
Segment income (loss), including:				
Depreciation and amortisation	(\$ 37,384)	\$ -	(\$ 27,775)	\$ 555
Income tax expenses	(\$ 15,867)	(\$ 12,367)	(\$ 20,139)	(\$ 48,373)
Segment assets	\$ 2,328,619	\$ 1,009,806	\$ 4,253,593	\$ 4,360,854
Segment liabilities	\$ 492,201	\$ 16,472	\$ 1,197,302	\$ 1,525,422

Adjustments for the year ended December 31, 2021 are as follows:

Profit (loss) related to discontinued operations for the year has been adjusted to profit (loss) of discontinued operations and was all attributed to AGC segment. Refer to Note 6(7) for details.

Year ended December 31, 2020	AAL segment	AGC segment	Taiwan segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 545,773	\$ -	\$ 735,104	\$ -	\$ 1,280,877
Inter-segment revenue	317,372	27,670	48,102	(393,144)	-
Total segment revenue	\$ 863,145	\$ 27,670	\$ 783,206	\$ 393,144	\$ 1,280,877
Segment income (loss)	\$ 99,962	\$ 1,630	\$ 24,351	\$ -	\$ 73,981

Segment income (loss), including:

Depreciation and amortisation	(\$ 40,178)	\$ -	\$ 26,836	\$ -	(\$ 67,014)
Income tax expenses	(\$ 36,135)	\$ -	\$ 1,059	\$ -	(\$ 37,194)
Segment assets	\$ 2,121,169	\$ 859,243	\$ 3,713,562	\$ 2,984,270	\$ 3,709,704
Segment liabilities	\$ 338,042	\$ 31,489	\$ 873,918	\$ 147,969	\$ 1,095,480

Adjustments for the year ended December 31, 2020 are as follows:

Profit (loss) related to discontinued operations for the year has been adjusted to profit (loss) of discontinued operations and was all attributed to AGC segment. Refer to Note 6(7) for details.

(5) Reconciliation for segment income (loss)

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

B. The adjusted consolidated total profit and reconciliation for post-tax profit of reportable segment for the current period are provided in Note 14(3).

(6) Information on products

Please refer to Note 6(23) for related information.

(7) Geographical information

Information on sales regions for the years ended December 31, 2021 and 2020 is as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 735,464	\$ 521,278	\$ 735,104	\$ 546,712
Mainland China	141,267	874,395	133,687	973,523
US	521,104	-	347,995	-
Others	138,157	52,587	64,091	75,654
	<u>\$ 1,535,992</u>	<u>\$ 1,448,260</u>	<u>\$ 1,280,877</u>	<u>\$ 1,595,889</u>

(8) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
Customer A	\$ 262,992	AAL	\$ 224,651	AAL
Customer B	155,208	AAL	137,636	AAL
	<u>\$ 541,112</u>		<u>\$ 477,072</u>	

Action Electronics Co., Ltd. and its subsidiaries
Loans to others

Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

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, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Value	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	28,535	27,680	27,680	1.70	2	\$ -	Working capital	\$ -	-	-	325,180	325,180	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The numbers filled in for the nature of loan are as follows:

(1) Business transaction is '1'.

(2) Short-term financing is '2'.

Note 3: In accordance with the regulations governing loans to others, ceiling on total loans granted is 40% of the net asset value of the creditor in the most recent financial statements; limit on loans granted to a single party is 40% of the net asset value but ceiling on total loans granted and limit on loans granted to a single party is no higher than 200% of the net asset value of the creditor.

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

Action Electronics Co., Ltd. and its subsidiaries
Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary

(3) The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company as required under the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership

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

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

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

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

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

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

Action Electronics Co., Ltd. and its subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

Action Electronics Co., Ltd. and its subsidiaries

Significant inter-company transactions during the reporting periods
Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

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

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

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

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

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

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

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

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

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

Table 6

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

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

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

Note 1: The investees were evaluated based on the investees' unaudited financial statements for the same period.

Note 2: The numbers in this table are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates and balance sheet accounts at spot exchange rates prevailing at the balance sheet date.

Note 3: In addition to the investment quota approved by the Investment Commission of the MOEA, the earnings transferred to investment in 'ACTION ASIA (SHENZHEN) CO., LTD.' in a total amount of NTD 202,102 thousand

as approved by the Investment Commission of the MOEA are not included in the calculation of the Company's investment quota in Mainland China.

Note 4: According to the ceiling on investments in Mainland China imposed by the Investment Commission of MOEA, the ceiling for entities whose paid-in capital is over \$80 million is 60% of net asset value.

Note 5: Shenzhen Action Industries Electronics Co., Ltd. has been deregistered in 2006, and the accumulated amount of investment from Taiwan was NTD 58,227 thousand (USD 2,100 thousand).

As of September 30, 2020, the investment income remitted back to Taiwan was NTD 21,327 thousand (USD 668 thousand), and the investment amount remitted back to Taiwan was NTD 67,044 thousand (USD 2,100 thousand).

Note 6: The equity of Huayi Technology (Shenzhen) Co., Ltd. has been transferred in 2017, and the accumulated amount of investment from Taiwan was NTD 670,087 thousand.

Note 7: The equity of ACTION TECHNOLOGY (HIAN) CO., LTD. has been transferred in 2021, and the accumulated amount of investment from Taiwan was NTD 356,915 thousand.

Note 8: The equity of ATZ ELECTRONICS CO., LTD. has been transferred in 2021, and the accumulated amount of investment from Taiwan was NTD 0 thousand.

Action Electronics Co., Ltd. and its subsidiaries

Major shareholders information

December 31, 2021

Table 7

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

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

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

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

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

Description

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

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

How our audit addressed the matter

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

- A. Obtained an understanding on the policies and procedures in relation to impairment assessment, assessed cash-generating units that have been identified by management as potentially impaired, and assessed whether there was any indication of impairment.
- B. Assessed the competence and independence of the external appraiser engaged by the management. Discussed with the management on the appraiser's scope of work and the process of engagement acceptance to ensure that no conditions existed that would affect its independence or limit its scope of work.
- C. Assessed and verified the accuracy and completeness of information used in the external appraiser's valuation and then provided for use by the management. Assessed the relevant assumptions and uncertainties involved during asset impairment testing, and considered the sufficiency of related disclosures.

Intangible assets - impairment of trademark right

Description

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

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

How our audit addressed the matter

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

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

Other matter – Prior period financial statements audited by another auditor

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

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

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

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

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

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

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

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

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Lin, Ya-Hui

Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 29, 2022

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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	
2020							
Balance at January 1	\$ 2,771,575	\$ 259	\$ 14,828	\$ 204,418	\$ 92,531	(\$ 489,535)	\$ 49,617
Profit for the year	-	-	-	-	46,096	-	-
Other comprehensive (loss) income for the year	-	-	-	-	(2,394)	19,252	(28,305)
Total comprehensive income	-	-	-	-	43,702	19,252	(28,305)
Appropriation and distribution of 2019 retained earnings:							
Legal reserve appropriated	-	-	5,473	-	(5,473)	-	-
Cash dividends of ordinary share	-	-	-	-	(60,975)	-	-
Changes in ownership interests in subsidiaries	-	1,343	-	-	-	-	-
Balance at December 31	\$ 2,771,575	\$ 1,602	\$ 20,301	\$ 204,418	\$ 69,785	(\$ 470,283)	\$ 21,312
2021							
Balance at January 1	\$ 2,771,575	\$ 1,602	\$ 20,301	\$ 204,418	\$ 69,785	(\$ 470,283)	\$ 21,312
Profit for the year	-	-	-	-	208,540	-	-
Other comprehensive income (loss) for the year	-	-	-	-	2,157	(48,687)	82,428
Total comprehensive income	-	-	-	-	210,697	(48,687)	82,428
Appropriation and distribution of 2020 retained earnings:							
Legal reserve appropriated	-	-	4,370	-	(4,370)	-	-
Special reserve appropriated	-	-	-	35,135	(35,135)	-	-
Cash dividends of ordinary share	-	-	-	-	(27,716)	-	-
Proceeds from disposal of financial assets at fair value through other comprehensive income transferred to retained earnings	-	-	-	-	1,517	-	(1,517)
Balance at December 31	\$ 2,771,575	\$ 1,602	\$ 24,671	\$ 239,553	\$ 214,778	(\$ 518,970)	\$ 102,223

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

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

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

(Continued)

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

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

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

ACTION ELECTRONICS CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. History and Organisation

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

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

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

3. Application of New Standards, Amendments and Interpretations

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘ Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

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

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

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Foreign currency translation

- A. Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.
- B. Foreign currency transactions and balances
- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
 - (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
 - (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
 - (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.
- C. Translation of foreign operations
- (a) The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the

presentation currency as follows:

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

(4) 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 the ordinary course of business, less the cost of completion and applicable variable selling expenses.

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

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.

- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss.
- J. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

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

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

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

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

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

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

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

(16) Investment property

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

(17) Intangible assets

A. Trademarks and patents

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

B. Computer software

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

(18) Impairment of non-financial assets

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

(19) Borrowings

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

(20) Notes and accounts payable

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

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

(21) Derecognition of financial liabilities

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

(22) Provisions

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pension

(a) Defined contribution plan

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

(b) Defined benefit plans

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

C. Termination benefits

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

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

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

(24) 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. Incremental costs of obtaining a contract

The Company recognises an asset (shown as 'other current assets, others') the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer if the Company expects to recover those costs. The recognised asset is amortised on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates. The Company recognises an impairment loss to the extent that the carrying amount of the asset

exceeds the remaining amount of consideration that the Company expects to receive less the costs that have not been recognised as expenses.

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

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

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

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

(2) Critical accounting estimates and assumptions

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

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

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

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

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

C. Impairment assessment of intangible assets - trademark right

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

D. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine

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

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 455	\$ 882
Checking accounts and demand deposits	<u>46,261</u>	<u>56,361</u>
	<u>\$ 46,716</u>	<u>\$ 57,243</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 and 2020, the Company's time deposits with maturity over 3 months amounted to \$77,504 and \$71,200, respectively, and were recorded under 'financial assets at amortised cost – current'.

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

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

- A. As of December 31, 2021 and 2020, the Company has no financial assets at fair value through profit or loss pledged to others.
- B. Amounts relating to net gains (losses) on financial assets at fair value through profit or loss, recorded as 'other gains and losses', are provided in Note 6(25).
- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2021	December 31, 2020
Current items :		
Equity instruments		
Emerging stocks	\$ 63,943	\$ 66,000
Valuation adjustment	<u>102,223</u>	<u>21,312</u>
	<u>\$ 166,166</u>	<u>\$ 87,312</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 \$166,166 and \$87,312 as at December 31, 2021 and 2020, respectively.
- B. For the years ended December 31, 2021 and 2020, the amounts of fair value changes recognised in other comprehensive income for financial assets at fair value through other comprehensive income were \$82,428 and \$21,312, respectively.
- C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$166,166 and \$87,312, respectively.
- D. On March 29, 2021, the Board of Directors resolved to sell 5,100 thousand shares of emerging stock in an open market. In the second quarter of 2021, the Company disposed 159 thousand shares for proceeds of \$3,574. The gain on disposal amounted to \$1,517 and has been transferred to retained earnings.
- E. As of December 31, 2021 and 2020, the Company has no financial assets at fair value through other comprehensive income pledged to others.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

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

- A. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$89,188.
- B. As of December 31, 2021 and 2020, the Company has no notes and accounts receivable pledged to others.

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

(5) Other receivables

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

Other receivables-related parties are provided in Note 7.

(6) Inventories

<u>December 31, 2021</u>		
<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
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>
<u>December 31, 2020</u>		
<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Finished goods	\$ 124 (\$ 31)	\$ 93
Merchandise	150,322 (3,111)	147,211
Inventory in transit	8,508 -	8,508
<u>\$ 158,954</u>	<u>(\$ 3,142)</u>	<u>\$ 155,812</u>

The cost of inventories recognised as expense for the year:

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

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

(7) Investments accounted for using equity method

A. Details are as follows :

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

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

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

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

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

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

(8) Property, plant and equipment

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

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

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

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

(9) Leasing arrangements – lessee

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

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

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

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$12,493 and \$2,386, respectively.
- E. Informaion on profit or loss in relation to lease contracts is as follows:

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

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

(10) Leasing arrangements – lessor

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

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

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

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

(11) Investment property

	<u>2021</u>			
	<u>Land</u>	<u>Buildings and structures</u>	<u>Investment property under construction</u>	<u>Total</u>
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.

2020

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

- A. To active the assets, the Company used its land on No. 239 and 240-1, Zhonggong Sec., Zhongli Dist. and land on No. 241, Zhonggong Sec., Zhongli Dist. held by Youyuanlai Investment Co., Ltd. to jointly build and develop ‘Yisheng Zhihui Science and Technology Park’, which the subsidiary FAR YEAR CONSTRUCTION CO., LTD. was entrusted to carry out the development and construction matters, as approved by the Board of Directors on June 15, 2020. The Company has reclassified the properties to investment properties using the carrying amounts at the time of change in use.
- B. In the second quarter of 2021, the Company changed its plan regarding the future operating purpose of the ‘Yisheng Zhihui Science and Technology Park’ development project and decided the subsidiary FAR YEAR CONSTRUCTION CO., LTD. to commission Haiju Development Co., Ltd. to sell the properties of this project. In accordance with IAS 40, the Company shall transfer the assets from investment properties to construction in progress (shown as ‘inventories’) when there is a change in use of property.
- C. The Company applied for a change of land planning to increase building bulk, and the application

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

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

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

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

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

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

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

(12) Intangible assets

	2021			
	<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>

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

Details of amortisation on intangible assets are as follow:

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

(13) Short-term borrowings

<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	<u>272,963</u>	1.22%~1.45%	Refer to Note 8
	<u>\$ 312,963</u>		

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

(14) Long-term borrowings

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

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

(15) Other payables

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

Other payables — related parties are provided in Note 7.

(16) Provisions

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

Analysis of total provisions:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	\$ -	\$ -
Non-current	<u>\$ 176</u>	<u>\$ 913</u>

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

(17) Pension

A. Defined benefit plans

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

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

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

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

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 15,863)	\$ 11,083	(\$ 4,780)
Current service cost	(45)	-	(45)
Interest (expense) income	(48)	33	(15)
	<u>(15,956)</u>	<u>11,116</u>	<u>(4,840)</u>
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)
	<u>210</u>	<u>168</u>	<u>378</u>
Pension fund contribution	-	60	60
At December 31	<u>(\$ 15,746)</u>	<u>\$ 11,344</u>	<u>(\$ 4,402)</u>
	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 13,692)	\$ 10,580	(\$ 3,112)
Current service cost	(45)	-	(45)
Interest (expense) income	(82)	63	(19)
	<u>(13,819)</u>	<u>10,643</u>	<u>(3,176)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in financial assumptions	(309)	-	(309)
Experience adjustments	(1,735)	-	(1,735)
	<u>(2,044)</u>	<u>376</u>	<u>(1,668)</u>
Pension fund contribution	-	64	64
At December 31	<u>(\$ 15,863)</u>	<u>\$ 11,083</u>	<u>(\$ 4,780)</u>

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

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.6%</u>	<u>0.3%</u>
Future salary increases	<u>1.5%</u>	<u>1.5%</u>

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:

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

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, 2022 amount to \$60.

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

Within 1 year	\$	3,074
1 ~ 2 year(s)		2,073
2 ~ 5 years		3,602
Over 5 years		4,879
	\$	<u>13,628</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, 2021 and 2020 were \$2,364 and \$1,978, respectively.

(18) Share capital

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

(19) Capital surplus

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

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

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

(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 2020 and 2019 earnings as resolved at the shareholders' meetings on August 5, 2021 and June 15, 2020, respectively, are as follows:

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

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

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

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

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

(21) Other equity items

	<u>2021</u>		
	<u>Foreign exchange translation adjustments</u>	<u>Unrealised gains (losses) on valuation</u>	<u>Total</u>
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	<u>12,173</u>	<u>-</u>	<u>12,173</u>
At December 31	<u>(\$ 518,970)</u>	<u>\$ 102,223</u>	<u>(\$ 416,747)</u>
	<u>2020</u>		
	<u>Foreign exchange translation adjustments</u>	<u>Unrealised gains (losses) on valuation</u>	<u>Total</u>
At January 1	(\$ 489,535)	\$ 49,617	(\$ 439,918)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income:			
- Revaluation – gross	- (28,305)	(28,305)
Currency translation differences:			
- Group	24,065	-	24,065
- Tax on Group	<u>(4,813)</u>	<u>-</u>	<u>(4,813)</u>
At December 31	<u>(\$ 470,283)</u>	<u>\$ 21,312</u>	<u>(\$ 448,971)</u>

(22) Operating revenue

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

Contract liabilities

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

	December 31, 2021	December 31, 2020	January 1, 2021
Contract liabilities:			
Sales of goods	<u>\$ 3,843</u>	<u>\$ 2,972</u>	<u>\$ 3,807</u>

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

(23) Interest income

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

(24) Other income

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

(25) Other gains and losses

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

(26) Finance costs

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

(27) Employee benefits, depreciation and amortisation expenses

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

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

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 4% for directors' remuneration. Independent directors do not participate in the distribution. If the Company has accumulated deficit, earnings should

be retained to cover losses. The employees' compensation will be distributed in the form of shares or cash. The recipients of aforementioned employees' compensation include the employees of the Company's subsidiaries who meet certain specific requirements set by the Board of Directors. The aforementioned distributable profit of the current year is profit of the current year before deducting taxes, employees' compensation and directors' remuneration.

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

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

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

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

(28) Income tax

A. Income tax expenses

(a) Components of income tax expense:

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

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

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

B. Reconciliation between income tax expense and accounting profit:

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

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

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Others	December 31
Deferred tax assets:					
-Temporary differences:					
Remeasurements of defined benefit plans	\$ 458	\$ -	(\$ 76)	\$ -	\$ 382
Currency translation differences	63,309	-	12,173	-	75,482
Loss carryforward	87,876	(27,355)	-	(5)	60,516
Subtotal	<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>

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

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

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>		

December 31, 2020

Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry date
2014	\$ 464,643	\$ 396,498	\$ 89,215	2024
2015	14,352	11,952	2,689	2025
2017	121,674	120,090	27,021	2027
2018	41,029	38,029	8,557	2028
2019	4,168	343	77	2029
	<u>\$ 645,866</u>	<u>\$ 566,912</u>	<u>\$ 127,559</u>	

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

	December 31, 2021	December 31, 2020
Deductible temporary difference	<u>\$ 122,352</u>	<u>\$ 130,142</u>

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

(29) Earnings per share

	Year ended December 31, 2021		
Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	<u>\$ 208,540</u>	<u>277,158</u>	<u>\$ 0.75</u>
<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 share	<u>\$ 208,540</u>	<u>278,055</u>	<u>\$ 0.75</u>

	Year ended December 31, 2020		
	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	\$ 46,096	277,158	\$ 0.17
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 46,096	\$ 277,158	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	431	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary share	\$ 46,096	277,589	\$ 0.17

(30) Changes in liabilities from financing activities

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

2020

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

7. Related Party Transactions

(1) Names of related parties and relationship

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

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

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

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

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

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

(2) Significant related party transactions

A. Operating revenue

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

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

B. Purchases

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

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

C. Management Services Income (Listed of Other Income)

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

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

D. Receivables from related parties

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

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

E. Payables to related parties

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

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

F. Lease Trading - Lessee

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

(b) Rental expenses

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ -</u>	<u>\$ 34</u>

(c) Lease liabilities

i. Ending balance :

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ 730</u>	<u>\$ 585</u>

ii. Interest expense :

	Year ended December 31	
	2021	2020
Subsidiaries	\$ 11	\$ 12

G. Loan of related parties

Loan from related parties

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

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

(b) Interest expense

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

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

H. Endorsements and guarantees provided to related parties

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

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

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

(3) Key management compensation

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

8. Pledged Assets

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

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

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) The company issues endorsement guarantee notes due to credit loan quotas and commitments. As of December 31st, 2021 and 2020, they were NTD 1,656,000 thousand and NTD 711,000 thousand, respectively.
- (2) The forward letters of credit issued by the company for purchasing commodities and raw materials as of December 31st, 2021 and 2020, were NTD 53,339 thousand and NTD 53,699 thousand in circulation, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

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

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</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	\$ 166,166	\$ 87,312
Financial assets at amortised cost	\$ 244,219	\$ 287,798
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 612,383	\$ 577,071
Lease liability (Including current and non-current)	\$ 18,846	\$ 11,407

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

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

	December 31, 2021		
	Foreign Currency		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
	December 31, 2020		
	Foreign Currency		Book value (NTD)
	Amount (In thousands)	Exchange Rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,199	28.48	\$ 91,108
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,267	28.48	\$ 36,084

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

variation:

		December 31, 2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<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	\$ -
		December 31, 2020		
		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%	\$	911	\$ -
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	361	\$ -

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% or liquidity discount rate had changes by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020

would have increased/decreased by \$40 and \$0, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,662 and \$873, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Company's borrowings are fixed-rate debts. The changes in market interest rates do not affect future cash flows, and thus the Company is not exposed to cash flow risk arising from interest rate changes.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$3,784 and \$3,792, respectively.

(b) Credit risk

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

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

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

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

	<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>
	<u>2020</u>
	<u>Receivables</u>
At January 1	\$ 3,724
Provision for impairment	1,115
Write-off during the year	(54)
At December 31	<u>\$ 4,785</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, 2021	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 312,963	\$ -
Accounts payable	50,495	-
Other payables	87,700	-
Long-term borrowings	-	160,000
Lease liabilities	6,943	12,355
Guarantee deposits received	-	1,225

Non-derivative financial liabilities:

December 31, 2020	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 474,027	\$ -
Accounts payable	34,163	-
Other payables	67,795	-
Lease liabilities	4,067	7,770
Guarantee deposits received	-	1,086

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

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

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

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

December 31, 2021	<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>
December 31, 2020	<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>\$ 87,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,312</u>

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

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

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

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

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

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

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

13. Supplementary Disclosures

(1) Significant transactions information

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

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

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Information

Not applicable.

Action Electronics Co., Ltd. and its subsidiaries

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Value	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	28,535	27,680	27,680	1.70	2	\$ -	Working capital	\$ -	-	-	325,180	325,180	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The numbers filled in for the nature of loan are as follows:

(1) Business transaction is '1'.

(2) Short-term financing is '2'.

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

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

Action Electronics Co., Ltd. and its subsidiaries
Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary

(3) The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company as required under the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership

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

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

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

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

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

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

Action Electronics Co., Ltd. and its subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

Action Electronics Co., Ltd. and its subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

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

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

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

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

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

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

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

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

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

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

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

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

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

Note 1: The investees were evaluated based on the investees' unaudited financial statements for the same period.

Note 2: The numbers in this table are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates and balance sheet accounts at spot exchange rates prevailing at the balance sheet date.

Note 3: In addition to the investment quota approved by the Investment Commission of the MOEA, the earnings transferred to investment in 'ACTION ASIA (SHENZHEN) CO., LTD.' in a total amount of NTD 202,102 thousand

as approved by the Investment Commission of the MOEA are not included in the calculation of the Company's investment quota in Mainland China.

Note 4: According to the ceiling on investments in Mainland China imposed by the Investment Commission of MOEA, the ceiling for entities whose paid-in capital is over \$80 million is 60% of net asset value.

Note 5: Shenzhen Action Industries Electronics Co., Ltd. has been deregistered in 2006, and the accumulated amount of investment from Taiwan was NTD 58,227 thousand (USD 2,100 thousand).

As of September 30, 2020, the investment income remitted back to Taiwan was NTD 21,327 thousand (USD 668 thousand), and the investment amount remitted back to Taiwan was NTD 67,044 thousand (USD 2,100 thousand).

Note 6: The equity of Huayi Technology (Shenzhen) Co., Ltd. has been transferred in 2017, and the accumulated amount of investment from Taiwan was NTD 670,087 thousand.

Note 7: The equity of ACTION TECHNOLOGY (JIAN) CO., LTD. has been transferred in 2021, and the accumulated amount of investment from Taiwan was NTD 356,915 thousand.

Note 8: The equity of ATZ ELECTRONICS CO., LTD. has been transferred in 2021, and the accumulated amount of investment from Taiwan was NTD 0 thousand.

Action Electronics Co., Ltd. and its subsidiaries

Major shareholders information

December 31, 2021

Table 7

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

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

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

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

Statement 1 Name of Financial	Descriptio n	Shares in thousands	Face value	Total amount	Interest Rate	Cost	Accumulated impairment	Fair value		Note
								Unit price	Total amount	
Ordinary stocks of Clientron Corp.		4,941	\$ -	-		\$ 63,943	-	\$ 34	\$ 166,166	

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

Statement 2

Item	Amount		Note
	Cost	Net Realizable Value	
Finished goods	\$ 13	\$ 7	Measured at net realizable value
Merchandise	170,894	166,538	Measured at net realizable value
Inventory in transit	14,637	14,637	Measured at net realizable value
Construction in progress	93,785	93,785	Note
	<u>279,329</u>	<u>\$ 274,967</u>	
Less : Allowance for valuation loss	(<u>4,362</u>)		
	<u>\$ 274,967</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, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 3

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

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

Statement 4

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

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

Statement 5	Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
	First Commercial Bank	Medium and long-term borrowings	\$ 160,000	2021/06/24~2024/06/24	1.65%	Collateral	Refer to Note 8

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

Statement 6

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

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

Statement 7

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

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

Statement 8

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

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

Statement 9

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

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

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

Note:

1. As at December 31, 2021 and 2020, the Company had 64 and 58 employees, including both 6 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
 - (1) Average employee benefit expense in current year 1,242 (in dollars).
Average employee benefit expense in previous year 1,052 (in dollars).
 - (2) Average employees salaries in current year 861 (in dollars).
Average employees salaries in previous year 842 (in dollars).
 - (3) Adjustments of average employees salaries 5%.
 - (4) The Company has established an audit committee in lieu of a supervisor and there is not applicable to disclosure the information of supervisors' remuneration.

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

Statement 10

(5) The Company's compensation policies:

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