



Action Electronics Co., LTD.

Handbook for the 2024 Annual Meeting of Shareholders

English Translation

Time of Meeting: 9:00 am on June 14 (Friday) ,2024

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

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

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Action Electronics Co., LTD.
Procedure for the 2024 Annual Meeting of Shareholders

- 1. Report of Number of Shares Represented by Attendees**
- 2. Meeting Commencement Announcement**
- 3. Chairperson's Address Report Items**
- 4. Report Items**
- 5. Ratification Items**
- 6. Questions and Motions**
- 7. Adjournment**

Action Electronics Co., LTD.

Agenda of 2024 Annual Meeting of Shareholders

Time of Meeting: 9:00 am on June 14 (Friday) ,2024

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

I 、 Report items:

- (1) 2023 Business reports.
- (2) Audit Committee's report for 2023 audited financial reports.
- (3) 2023 distributable compensation for employees and directors.
- (4) Total endorsements/guarantees provided by the Company.

2、 Ratification items

- (1) 2023 Company's business reports and financial statements.
- (2) 2023 Earning Distribution of Proposal.

3、 Questions and Motions.

4、 Adjournment

I 、 Report Items:

(1) Reports for Business status in 2023 and Business Plan in 2024

2023 Business Report

Dear shareholders:

We extend our sincere appreciation to all the shareholders who attended our 2024 Annual Shareholders' Meeting and for your unwavering support and encouragement throughout the years.

Looking back on 2023, despite the unfavorable impacts of the U.S.-China confrontation, high inflation, and high-interest rates due to the war, our company experienced a slight 3% decrease in revenue compared to the previous year. Among them, the home appliance market was still flat after the epidemic dividend receded after the unsealing and under the multiple pressures of inflationary pressure and slowing consumer demand. In automotive electronics, revenue grew marginally by 3%, benefiting from the growth in customer sales. In terms of asset revitalization, the Shanghai logistics warehouse continues to be stable with an occupancy rate of more than 90%, while the Zhongli Action Intelligence Science and Technology Park is also moving towards its goal of combining smart and green buildings to create a benchmark building in the Zhongli Industrial Park.

Smart home appliances, ESG and digital transformation are the most important trends for future development, and we will continue to work hard to build energy-efficient, intelligent and healthier products, and to provide consumers with more convenient and affordable products and experiences.

To strengthen its competitive edge, Memory has invested a lot of resources in "upgrading" its home appliance products so that users can easily control them remotely through cell phones, tablets, and other apps, in order to provide consumers with a more convenient life. In addition, we have also strengthened the research and development of electronic products for transportation equipment, market utilization and revitalization of land assets, so that our Company can grow steadily and positively in spite of the changing external environment, with a view to rewarding shareholders for their support. The management results of 2023 and prospects for 2024 are reported as follows:

I 、 2023 Group Business Report

1. Operating income and expenditure and the implementation results of business plan: The consolidated net operating income for the group was NT\$1,526,678,000 in 2023, which represents a 3% increase compared to NT\$1,486,401,000 in 2022. For the year ended December 31, 2023, the consolidated net income from operations was NT\$106,197,000 and the consolidated net income after tax was NT\$108,993,000.

Consolidated P&L Statement

Unit: In NTD Thousand

Item	2023	2022
Operating revenues	1,526,678	1,486,401
Operating costs	1,103,735	1,095,637
Gross profit	422,943	390,764

Item	2023	2022
Operating expenses	316,746	335,973
Net operating income(loss)	106,197	54,791
Income before tax	150,184	109,012
Income after tax	108,993	91,774
Net income attributable to stakeholders of the parent	108,993	91,774

2. Financial Structure Ratio Analysis

Item		2023	2022	
Capital Structure Analysis(%)	Debt Ratio	45.46%	38.79%	
	Long-term funds to Fixed Assets	2,802.43%	1,922.28%	
Liquidity Analysis(%)	Current Ratio	144.00%	156.53%	
	Quick Ratio	66.57%	74.75%	
	Interest Coverage Times	14.80	11.05	
Return on Investment Analysis (%)	Return on Total Assets	2.41%	2.24%	
	Return on Total Equity	3.86%	3.24%	
	Percentage of paid-in capital	Operating Interests	3.83%	1.98%
		Income before tax	5.42%	3.93%
	Net Profit Margin	7.14%	6.17%	
	Earnings (loss) per share after tax	0.39	0.33	

II 、 2024 Business Plan

1. Strategic guidelines and business strategies: Continuously reinforcing the policies of emphasizing profitability, restructuring, revitalization of assets, and rationalization of stock price.

(1)Profitability: improve and create. Evaluate nine index of operating performance on a monthly assist to achieve the target of return on capital and the four-satisfying missions.

(2)Structure adjustment: emphasis on “professional, simple, and profitable” and build up core competitiveness. Integrate group resources and provide priority to those with SMART strategy.

(3)Activation of assets: the integration of existing tangible (intangible) assets, Cooperative development, creating value, and sharing benefits.

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

2.Products and business: The main businesses of the Company and its subsidiaries include sales, maintenance, installation, and servicing of electrical home appliances; the manufacturing, processing, and trading of automotive electronic products; warehousing and logistics services; as well as real estate sales and leasing.

The operation is divided into three business systems, and the product development and market development strategies are described as follows:

(1)Brand Management and Service Business Operation System: The product development strategy aims to provide consumers with reliable and affordable products and services for a healthy and

simple life. Intelligent technology is applied to improve the usability of products and enhance the timeliness of customer service (intelligent ecosystem). The marketing strategy continues to focus on "Discovering and enjoying the beauty of Taiwan," utilizing products, logistics, and after-sales services to enhance brand value and customer loyalty. The focus is on improving customer satisfaction with after-sales service and logistics to enhance the overall effectiveness of quality and service.

- (2)Automotive Electronics Manufacturing Business Ecosystem: Product development is applied to technologies such as imaging, sensors, smart cabins, and remote control, enabling transportation equipment to operate more efficiently, providing safer and more convenient services, and bringing more opportunities for intelligence and digitization to the transportation industry. In terms of market development, focusing on the six core values, we concentrate on serving the North American and Middle Eastern markets, cultivating passionate and trustworthy bilateral relationships, and providing products of stable quality and high reliability. We continuously enhance our R&D capabilities and new product development, as well as introduce new customers and new markets, and deepen long-term cooperation with existing customers to increase orders.
- (3)Asset Activation Business System: The Shanghai subsidiary provides international- standard warehouse facilities and high-quality environments, achieving a high rental rate and stable profitability for the group. The former location of the Action Group headquarters is being planned for the construction of two new state-of-the-art factory- office buildings, creating a renowned technology forest park and smart green architecture. This initiative aims to establish a high-quality brand image for subsidiary companies and contribute to the expected growth momentum of the overall operation.

III 、 The Group's future development strategy

1. Brand Management: continuously provide trustworthy and affordable goods and services to our customers, applying intelligent technology to make our products work better and our services more timely, so as to make life better. To provide consumers with a better experience through our products, logistics and after-sales services. In terms of products, through the combination of hardware interoperability and cloud interoperability to create a smart home appliance ecosystem where smart devices are interconnected and interoperable, the future of home appliances will fully enter the era of smart, energy-saving, so that people's lives become more convenient, comfortable and healthy.
2. Automotive electronics: With the development of transportation equipment towards intelligence and autonomy, as well as the emphasis on personalized services, passenger experience and environmental protection, we will continue to innovate and utilize technologies such as imaging, sensors, intelligent cockpit and remote control, and will work closely with our customers to develop safer, more convenient, intelligent and environmentally friendly transportation services to meet the ever-changing market demands and customer expectations.
3. Asset Revitalization: The planned "Action intelligence Science and Technology Park" in Zhongli, Taoyuan, will be the first world-class innovative 5G technology park and is working towards the Smart Green Building double standard certification for industrial and commercial office buildings. Unlike other traditional construction companies, the new design is more in line with the needs of the next-generation emerging technology industry, and the "smart green building" created by "Smart Creation" creates a new international facade and aims to create a landmark and

architectural icon in the region.

4. Digital transformation and ESG implementation: Continuous optimization of information systems and digitization of processes to enhance efficiency. In addition, environmental protection, social responsibility and corporate governance standards will be strengthened.
 5. Looking ahead, we will continue to focus on the integration of resources from the Group's three major systems to strengthen the quality of our operations and enhance our brand competitiveness. In terms of management, we will emphasize on the introduction and cultivation of talents to continue to create the Group's corporate culture and values, and to implement sustainable business operations.
- IV 、 Facing the influence of external competition, regulatory environment, and overall business environment
1. External environment: In the midst of a rapidly changing environment, despite the impact of the U.S.-China confrontation, the impact of the war, which led to high inflation and high interest rates and other unfavorable factors, the Company still adheres to the business strategy of "professionalism, simplicity, and profitability" and concentrates on the development of industries related to the industry, and strives to flatten its organization, strengthen its speed, and rapidly meet the market demand, and utilize its "expertise" and "simplicity" to focus its resources on the advantageous markets and existing customers. We utilize "professionalism" and "simplicity" to focus our resources on favorable markets and existing customers, creating value and pursuing profits.
 2. Regulatory Environment: In response to the government's consumer stimulus policies, we offer high-quality products at discounted prices to increase consumer willingness to purchase and stimulate domestic economic consumption. We align with government industrial policies and support the three-dimensional development plan for industrial zones. The establishment of the Zhongli Action intelligence Science and Technology Park serves as a transformation demonstration and landmark for the Zhongli Industrial Zone. Additionally, we emphasize environmental protection, social responsibility, and corporate governance.
 3. Overall Business Environment:
 - (1) Despite the slowdown in economic growth due to unfavorable factors such as the U.S.-China confrontation, high inflation and high interest rates due to the impact of the war, the Company continued to accept the challenges and face them proactively, advancing toward its annual business goals and promoting digital transformation, developing new products and deepening customer relationships in order to create excellent results.
 - (2) Our three major operational focuses are the home appliance industry under the Kolin brand, automotive electronics, and asset activation. In the home appliance industry, we provide consumers with simple, user-friendly, and enjoyable products. With our experience in OEM collaboration with major international manufacturers and the presence of production bases in Malaysia, our automotive electronics products have a niche market with a longer product cycle, giving us a competitive advantage amid ongoing trade tensions between China and the US. We continue to activate assets, including the establishment of modern warehousing services in Shanghai, ownership of land in the Shenzhen Greater Bay Area near the airport, and the development of the Zhongli headquarters into the Action intelligence Science and Technology Park.

President: Peng Ting-Yu

Manager: Peng Hsiu-Yun

Chief Accountant : May Huang

(2) 2023 Audit Report of Audit committee

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report Financial Statement, and proposal for allocation of earnings. The Financial Statements has been duly reviewed and approved PricewaterhouseCoopers, Taiwan. Lin Ya-hui and Wu Han-chi with the issuance of auditor's Report. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee. Per the regulation in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To:

2024 General Shareholders' Meeting of Action Electronics CO., LTD

Convenor of Audit Committee: Tang Peng Chin

Date: March 12, 2024

(3) Report of Distribution on Employee Bonus and Remuneration to Directors in 2023

Explanation:

1. According to Article 29 of the Company's Articles of Incorporation, where the Company has profit at the end of any fiscal year, it shall allocate no less than 1% of the profit as bonus to employees and no more than 3% of the profit as the remuneration to directors.

(1) Employees bonus is NT\$3,295,449.

(2) Remuneration to directors is NT\$3,295,449.

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

(4) Report on the endorsements/Guarantees

In NT\$ thousand

Endorsements/ Guarantees	Party being endorsed/guaranteed		Limit on endorsem ent amount provided to each guarantee d party	Maximum balance for the period	Percentage of accumulate d guarantee amount to net assets value per latest financial statements
	Company name	Relationship with the endorser/ Guarantor			
Action Electronics CO.,LTD	Far Year Construction CO., LTD	Subsidiary	2,200,000	2,200,000	78.24
Action ASIA Limited.	Action Industries (M) SDN. BHD.	Subsidiary Reinvestment company	85,269	81,479	2.90
Action Asia (SZ) Co., Ltd	Dede Technology (SHENZHEN) CO., LTD.	Associate	320,040	311,544	11.08

II、Ratification items:

Proposal 1 : 2023 Business Report and Financial Statements
(Proposed by Board of Directors)

Explanation:

(1) Action Company's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Lin Ya-hui and Wu Han-Chi of PricewaterhouseCoopers Taiwan Also Business Report and Final Statements have been approved by the Board and examined by the supervisors of Action Company.

(2) The 2023 Business Report pp. [3-6]., independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, pp. [12-38].

Resolution:

Proposal 2 : 2023 Earning Distribution Proposal (Proposed by Board of Directors)

Explanation:

(1)The Board has adopted a Proposal for Distribution of 2023 Profits in accordance with the Company Act and Articles of Incorporation. Please refer to the 2023 Profit Distribution Table below.

Action Electronics CO.,LTD
Profit Distribution Table
Year 2023

(Unit: In NT \$)

Items	Amount
Beginning retained earnings	\$ 7,522,281
Less: Other comprehensive gains and losses (Determine the actuarial profit and loss of the benefit plan)	-300,274
Net profit after tax	108,993,269
Earnings available for distribution	108,692,995
Less: 10% legal reserve	-10,869,300
Special reserves	-73,784,786
Distributable net profit	31,561,190
Distributable items:	
Dividend to shareholders	-27,715,750
Unappropriated retained earnings	\$ 3,845,440

(2)The Company proposed to distribute Cash dividends of NT\$0.1 Per share for 2023 which amounted to NT\$ 27,715,750 in total.

(3)1.After approval of the Annual Shareholders' Meeting, it is proposed that Chairman will be authorized to resolve the ex-dividend date and handle distribution affairs for cash dividend
2,Cash dividends paid to each individual shareholder will be rounded down to the nearest dollar. Fractional shares with a value less than one dollar are recognized as the Company's other income.

3. If the company repurchase stocks of the Company or convert or retire treasury stocks that give impacts on the outstanding shares number to make distribution rate /per stock change, the Company authorizes the chairman to adjust the distribution yield of shareholders according to the resolution for distribution amount and of actual outstanding share number in shareholders' meeting.

Resolution:

III 、 Questions and Motions

IV 、 Adjournment

Attachment (1)

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT DECEMBER 31, 2023 AND 2022

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, 2023, 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 12 , 2024

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, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Impairment of property, plant and equipment and investment properties

Description

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

The Group's valuation on some overseas property, plant and equipment and investment properties is

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

How our audit addressed the matter

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

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

Intangible assets - impairment of trademark right

Description

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

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

How our audit addressed the matter

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

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

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

We have audited and expressed an unqualified opinion with another matter section on the parent company only financial statements of Action Electronics Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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 12 , 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 752,606	15	\$ 729,382	16
1110	Current financial assets at fair value through profit or loss	6(2)	47,577	1	46,687	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	76,042	1	111,765	3
1136	Current financial assets at amortised cost	6(1)	102,286	2	15,354	-
1170	Accounts receivable, net	6(4) and 7	180,063	4	85,359	2
1200	Other receivables	6(5)	1,791	-	1,154	-
1210	Other receivables due from related parties	6(7) and 7	15,525	-	18,856	-
130X	Inventory	6(6)	1,460,195	28	1,158,059	25
1476	Other current financial assets	6(1)	148,223	3	74,900	2
1479	Other current assets, others		137,939	3	108,078	2
11XX	Total current Assets		<u>2,922,247</u>	<u>57</u>	<u>2,349,594</u>	<u>51</u>
Non-current assets						
1550	Investments accounted for using equity method	6(8) and 8	570,345	11	589,109	13
1600	Property, plant and equipment	6(9) and 8	111,538	2	162,456	4
1755	Right-of-use assets	6(10) and 8	49,240	1	64,142	1
1760	Investment property, net	6(12) and 8	1,178,146	23	1,123,655	24
1780	Intangible assets	6(13)	210,097	4	213,842	5
1840	Deferred income tax assets	6(29)	98,686	2	103,667	2
1900	Other non-current assets	8	14,810	-	17,456	-
15XX	Total non-current assets		<u>2,232,862</u>	<u>43</u>	<u>2,274,327</u>	<u>49</u>
1XXX	Total assets		<u>\$ 5,155,109</u>	<u>100</u>	<u>\$ 4,623,921</u>	<u>100</u>

(Continued)

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 190,000	4	\$ 190,000	4
2130	Current contract liabilities	6(23)	547,228	11	363,880	8
2170	Accounts payable		208,813	4	159,762	3
2200	Other payables	6(16) and 7	179,920	3	166,900	4
2230	Current income tax liabilities		11,512	-	8,954	-
2250	Current provisions	6(17)	34,809	1	28,319	1
2280	Current lease liabilities		19,764	-	22,871	1
2320	Long-term liabilities, current portion	6(15)	819,635	16	546,315	12
2399	Other current liabilities, others		17,655	-	14,064	-
21XX	Total current Liabilities		<u>2,029,336</u>	<u>39</u>	<u>1,501,065</u>	<u>33</u>
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(15)	212,315	4	160,000	3
2550	Non-current provisions	6(17)	4,800	-	6,072	-
2570	Deferred tax liabilities	6(29)	38,763	1	59,344	1
2580	Non-current lease liabilities		28,757	-	38,874	1
2600	Other non-current liabilities	7	29,442	1	28,325	1
25XX	Total non-current liabilities		<u>314,077</u>	<u>6</u>	<u>292,615</u>	<u>6</u>
2XXX	Total Liabilities		<u>2,343,413</u>	<u>45</u>	<u>1,793,680</u>	<u>39</u>
Equity						
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(19)	2,771,575	54	2,771,575	60
Capital surplus						
3200	Capital surplus	6(20)	1,602	-	1,602	-
Retained earnings						
3310	Legal reserve	6(21)	55,352	1	45,893	1
3320	Special reserve		366,594	7	242,116	5
3350	Total unappropriated retained earnings		116,215	3	202,434	4
Other equity interest						
3400	Other equity interest	6(22)	(499,642)	(10)	(433,379)	(9)
31XX	Equity attributable to owners of the parent		<u>2,811,696</u>	<u>55</u>	<u>2,830,241</u>	<u>61</u>
3XXX	Total equity		<u>2,811,696</u>	<u>55</u>	<u>2,830,241</u>	<u>61</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 5,155,109</u>	<u>100</u>	<u>\$ 4,623,921</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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(23) and 7	\$ 1,526,678	100	\$ 1,486,401	100
5000 Operating costs	6(6)(28)	(1,103,735)	(72)	(1,095,637)	(74)
5900 Net operating margin		<u>422,943</u>	<u>28</u>	<u>390,764</u>	<u>26</u>
Operating expenses	6(28)				
6100 Selling expenses		(128,628)	(9)	(119,117)	(8)
6200 General & administrative expenses		(167,275)	(11)	(182,532)	(12)
6300 Research and development expenses		(29,980)	(2)	(26,863)	(2)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		(9,137)	1	(7,461)	-
6000 Total operating expenses		<u>(316,746)</u>	<u>(21)</u>	<u>(335,973)</u>	<u>(22)</u>
6900 Operating profit		<u>106,197</u>	<u>7</u>	<u>54,791</u>	<u>4</u>
Non-operating income and expenses					
7100 Interest income	6(24)	13,526	1	6,671	-
7010 Other income	6(25)	51,912	3	24,109	2
7020 Other gains and losses	6(26) and 7	2,462)	-	11,350	1
7050 Finance costs	6(27)	(10,885)	(1)	(10,848)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method	6(8)	<u>8,104)</u>	<u>-</u>	<u>22,939</u>	<u>1</u>
7000 Total non-operating revenue and expenses		<u>43,987</u>	<u>3</u>	<u>54,221</u>	<u>3</u>
7900 Profit (loss) before income tax		<u>150,184</u>	<u>10</u>	<u>109,012</u>	<u>7</u>
7950 Income tax expense (benefit)	6(29)	(41,191)	(3)	(17,238)	(1)
8000 Profit (loss) for the year from continuing operations		<u>108,993</u>	<u>7</u>	<u>91,774</u>	<u>6</u>
8200 Profit (loss) for the year		<u>\$ 108,993</u>	<u>7</u>	<u>\$ 91,774</u>	<u>6</u>

(Continued)

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31				
		2023		2022		
		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)	\$ 375)	-	\$ 3,517	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(35,723)	(2)	(54,401)	(4
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(75	-	(703)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(36,023)	(2)	(51,587)	(4
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translation	6(22)	38,174)	(3)	47,211	3)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(7,634	1	(9,442)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		30,540)	(2)	37,769	3)
8300	Other comprehensive income for the year		<u>(\$ 66,563)</u>	<u>(4)</u>	<u>(\$ 13,818)</u>	<u>(1</u>
8500	Total comprehensive income for the year		<u>\$ 42,430</u>	<u>3</u>	<u>\$ 77,956</u>	<u>5</u>
Earnings per share						
9750 & 9850	Basic and diluted earnings per share	6(30)	<u>\$ 0.39</u>		<u>\$ 0.33</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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Retained Earnings				Other equity interest			Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriate d retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2022</u>									
Balance at January 1		\$ 2,771,575	\$ 1,602	\$ 24,671	\$ 239,553	\$ 214,778	(\$ 518,970)	\$ 102,223	\$ 2,835,432
Profit for the year		-	-	-	-	91,774	-	-	91,774
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	2,814	37,769	(54,401)	(13,818)
Total comprehensive income (loss) for the year		-	-	-	-	94,588	37,769	(54,401)	77,956
Appropriation and distribution of 2021 retained earnings:	6(20)								
Legal reserve appropriated		-	-	21,222	-	(21,222)	-	-	-
Special reserve appropriated		-	-	-	2,563	(2,563)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(83,147)	-	-	(83,147)
Balance at December 31		\$ 2,771,575	\$ 1,602	\$ 45,893	\$ 242,116	\$ 202,434	(\$ 481,201)	\$ 47,822	\$ 2,830,241
<u>2023</u>									
Balance at January 1		\$ 2,771,575	\$ 1,602	\$ 45,893	\$ 242,116	\$ 202,434	(\$ 481,201)	\$ 47,822	\$ 2,830,241
Profit for the year		-	-	-	-	108,993	-	-	108,993
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	(300)	(30,540)	(35,723)	(66,563)
Total comprehensive income (loss) for the year		-	-	-	-	108,693	(30,540)	(35,723)	42,430
Appropriation and distribution of 2022 retained earnings:	6(20)								
Legal reserve appropriated		-	-	9,459	-	(9,459)	-	-	-
Special reserve appropriated		-	-	-	124,478	(124,478)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(60,975)	-	-	(60,975)
Balance at December 31		\$ 2,771,575	\$ 1,602	\$ 55,352	\$ 366,594	\$ 116,215	(\$ 511,741)	\$ 12,099	\$ 2,811,696

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 150,184	\$ 109,012
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	61,914	65,967
Amortisation	6(27)	10,159	9,311
Expected credit losses (gain)		(9,137)	7,461
Loss (Gains) on financial assets at fair value through profit or loss	6(25)	(1,732)	1,131
Interest expense	6(26)	10,885	10,848
Interest income	6(23)	(13,526)	(6,671)
Dividend income	6(24)	(4,941)	(6,423)
Share of profit of associates accounted for using the equity method	6(7)	8,104	(22,939)
Gain on disposal of non-current assets classified as held for sale	6(25)	8,687	1,205
Loss on disposal of property, plant and equipment			
Changes in operating assets and liabilities			
Changes in operating assets		-	(35,816)
Financial assets mandatorily measured at fair value through profit or loss		(94,853)	57,494
Accounts receivable		6,022	19,658
Other receivables		(1,569)	-
Inventories		(259,846)	(352,384)
Other current financial assets		(73,323)	18,110
Other current assets		(18,755)	(35,180)
Changes in operating liabilities			
Contract liabilities		185,505	106,931
Accounts payable		51,396	(3,510)
Other payables		4,220	(4,696)
Provisions		7,086	(2,533)
Other current liabilities		(1,804)	(14,819)
Net defined benefit liability		3,623	(3,782)
Cash outflow generated from operations		28,299	(81,625)
Interest received		13,526	6,671
Dividends received		4,941	6,423
Interest paid		(10,885)	(10,848)
Income taxes paid		(35,012)	(30,230)
Net cash flows used in operating activities		869	(109,609)

(Continued)

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost		(\$ 88,872)	\$ 129,736)
Acquisition of property, plant and equipment	6(9)	(9,891)	(11,048)
Disposal of property, plant and equipment		13,867	(147)
Acquisition of investment property	6(21)	(114,516)	(125,935)
Acquisition of intangible assets	6(12)	(1,222)	(950)
Proceeds from disposal of non-current assets classified as held for sale		-	130,674
Increase in refundable deposits		213	(1,569)
Increase in other non-current assets		(3,899)	(2,823)
Net cash flows from investing activities		(204,320)	117,938
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in long-term borrowings	6(30)	425,635	353,494
Decrease in long-term borrowings	6(30)	(100,000)	-
Decrease in short-term borrowings	6(30)	-	(203,156)
Payments of lease liabilities	6(30)	(25,451)	(27,750)
Increase in deposits received	6(30)	3,468	1,608
Cash dividends paid	6(30)	(60,975)	(83,147)
Net cash flows from financing activities		242,677	41,049
Effect of exchange rate changes		(16,002)	13,737
Net increase in cash and cash equivalents		23,224	63,115
Cash and cash equivalents at beginning of year		729,382	666,267
Cash and cash equivalents at end of year		\$ 752,606	\$ 729,382

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

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, 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 2023 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 2023 parent company only financial statements are stated as follows:

Intangible assets - impairment of trademark right

Description

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

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

How our audit addressed the matter

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

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

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

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

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

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

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

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

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

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Lin, Ya-Hui

Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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, 2023 AND 2022

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

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 124,611	4	\$ 180,894	5
1120	Current financial assets at fair value	6(2)				
	through other comprehensive					
	income		76,042	2	111,765	3
1180	Accounts receivable, net	6(3) and 7	96,605	3	54,280	2
1200	Other receivables	6(4) and 7	116,565	3	20,467	1
130X	Current inventories	6(5) and 8	311,310	9	273,254	8
1470	Other current assets		12,386	-	9,151	-
11XX	Total current assets		<u>737,519</u>	<u>21</u>	<u>649,811</u>	<u>19</u>
Non-current assets						
1550	Investments accounted for using	6(6)				
	equity method		2,299,040	66	2,245,958	66
1600	Property, plant and equipment	6(7) and 8	6,347	-	54,293	2
1755	Right-of-use assets	6(8) and 7	30,983	1	40,043	1
1760	Investment property, net	6(10) and 8	104,240	3	113,717	3
1780	Intangible assets	6(11)	209,256	6	213,823	6
1840	Deferred tax assets	6(27)	75,349	2	81,188	2
1900	Other non-current assets		9,505	1	13,246	1
15XX	Total non-current assets		<u>2,734,720</u>	<u>79</u>	<u>2,762,268</u>	<u>81</u>
1XXX	Total assets		<u>\$ 3,472,239</u>	<u>100</u>	<u>\$ 3,412,079</u>	<u>100</u>

(Continued)

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

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

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Current borrowings	6(12)	\$ 190,000	6	\$ 190,000	6
2130	Current contract liabilities	6(21)	15,458	1	3,025	-
2180	Accounts payable	7	65,577	2	42,461	1
2200	Other payables	6(14) and 7	49,899	1	80,834	3
2250	Current provisions	6(15)	504	-	468	-
2280	Current lease liabilities	7	11,232	-	11,185	-
2320	Long term liabilities due within one year	6(13)	60,000	2	-	-
2399	Other current liabilities		15,605	-	11,987	-
21XX	Total current liabilities		408,275	12	339,960	10
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(13)	200,000	6	160,000	5
2550	Non-current provisions	6(15)	169	-	137	-
2570	Deferred tax liabilities	6(27)	27,145	1	47,875	1
2580	Non-current lease liabilities	7	20,146	-	29,131	1
2600	Other non-current liabilities	6(16)	4,808	-	4,735	-
25XX	Total non-current liabilities		252,268	7	241,878	7
2XXX	Total liabilities		660,543	19	581,838	17
Equity						
Share capital						
3110	Common stock	6(18)	2,771,575	80	2,771,575	81
Capital surplus						
3200	Capital surplus	6(19)	1,602	-	1,602	-
Retained earnings						
3310	Legal reserve	6(20)	55,352	2	45,893	1
3320	Special reserve		366,594	11	242,116	7
3350	Unappropriated retained earnings		116,215	3	202,434	6
Other equity interest						
3400	Other equity interest	6(21)	(499,642)	(15)	(433,379)	(12)
3XXX	Total equity		2,811,696	81	2,830,241	83
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		\$ 3,472,239	100	\$ 3,412,079	100

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

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22) and 7	\$ 575,953	100	\$ 555,983	100
5000	Operating costs	6(6)(27) and 7	(475,913)	(82)	(450,495)	(81)
5900	Gross profit from operations		100,040	18	105,488	19
	Operating expenses	6(27) and 7				
6100	Selling expenses		(112,225)	(19)	(114,497)	(21)
6200	Administrative expenses		(72,225)	(13)	(74,509)	(13)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		(4,888)	(1)	81	-
6000	Total operating expenses		(189,338)	(33)	(188,925)	(34)
6900	Net operating loss		(89,298)	(15)	(83,437)	(15)
	Non-operating income and expenses					
7100	Interest income	6(23)	3,915	1	1,839	-
7010	Other income	6(24)	21,834	4	22,337	4
7020	Other gains and losses	6(25)	(7,918)	(2)	7,019	1
7050	Finance costs	6(26)	(10,462)	(2)	(8,313)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method	6(7)	185,186	32	145,146	26
7000	Total non-operating income and expenses		192,555	33	168,028	30
7900	Profit before income tax		103,257	18	84,591	15
7950	Income tax expense	6(28)	5,736	1	7,183	1)
8200	Profit (loss) for the year		\$ 108,993	19	\$ 91,774	16
	Other comprehensive income					
	New Item					
8311	Gains (losses) on remeasurements of defined benefit plans	6(17)	(\$ 105)	-	\$ 594	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(21)	(35,723)	(6)	(54,401)	(10)
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		(216)	-	2,339	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		21	-	(119)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(36,023)	(6)	(51,587)	(9)
	New Item					
8361	Exchange differences on translation	6(21)	(38,174)	(7)	47,211	9
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(21)	7,634	1	(9,442)	(2)
8360	Components of other comprehensive income that will be reclassified to profit or loss		(30,540)	(6)	37,769	7
8300	Other comprehensive income		(\$ 66,563)	(12)	(\$ 13,818)	(2)
8500	Total comprehensive income		\$ 42,430	7	\$ 77,956	14
	Earnings per share	6(29)				
9750	Basic earnings per share		\$ 0.39		\$ 0.33	
9850	Diluted earnings per share		\$ 0.39		\$ 0.33	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Retained Earnings				Other equity interest			Total equity
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
2022									
Balance at January 1		\$ 2,771,575	\$ 1,602	\$ 24,671	\$ 239,553	\$ 214,778	(\$ 518,970)	\$ 102,223	\$ 2,835,432
Profit for the year		-	-	-	-	91,774	-	-	91,774
Other comprehensive income (loss) for the year		-	-	-	-	2,814	37,769	(54,401)	(13,818)
Total comprehensive income		-	-	-	-	94,588	37,769	(54,401)	77,956
Appropriation and distribution of 2021 retained earnings:	6(19)								
Legal reserve appropriated		-	-	21,222	-	(21,222)	-	-	-
Special reserve appropriated		-	-	-	2,563	(2,563)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(83,147)	-	-	(83,147)
Balance at December 31		\$ 2,771,575	\$ 1,602	\$ 45,893	\$ 242,116	\$ 202,434	(\$ 481,201)	\$ 47,822	\$ 2,830,241
2023									
Balance at January 1		\$ 2,771,575	\$ 1,602	\$ 45,893	\$ 242,116	\$ 202,434	(\$ 481,201)	\$ 47,822	\$ 2,830,241
Profit for the year		-	-	-	-	108,993	-	-	108,993
Other comprehensive income (loss) for the year		-	-	-	-	(300)	(30,540)	(35,723)	(66,563)
Total comprehensive income		-	-	-	-	108,693	(30,540)	(35,723)	42,430
Appropriation and distribution of 2022 retained earnings:	6(19)								
Legal reserve appropriated		-	-	9,459	-	(9,459)	-	-	-
Special reserve appropriated		-	-	-	124,478	(124,478)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(60,975)	-	-	(60,975)
Balance at December 31		\$ 2,771,575	\$ 1,602	\$ 55,352	\$ 366,594	\$ 116,215	(\$ 511,741)	\$ 12,099	\$ 2,811,696

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, 2023 AND 2022

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

	Notes	Year ended December 31	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 103,257	\$ 84,591
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	14,724	16,908
Amortization	6(27)	9,345	8,198
Expected credit (gain) loss		4,888	(81)
Gains on financial assets at fair value through profit or loss	6(25)	-	830
Interest income	6(23)	(3,915)	(1,839)
Dividend income	6(24)	(4,941)	(6,423)
Interest expense	6(26)	10,462	8,313
Share of profit of subsidiaries and associates accounted for using the equity method	6(7)	(185,186)	(145,146)
Loss on disposal of property, plant and equipment		8,578	-
Profit from lease modification	6(25)	-	(110)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	3,174
Accounts receivable		(47,213)	33,331
Other receivables		4,080	9,859
Inventories		7,243	1,713
Other current assets		2,348	9,615
Changes in operating liabilities			
Contract liabilities		12,433	(818)
Accounts payable		23,116	(8,034)
Other payables		(2,699)	(20,741)
Provisions		68	429
Other current liabilities		107	(597)
Net defined benefit liability		3,618	(4,120)
Cash outflow generated from operations		(39,687)	(10,948)
Interest received		3,915	1,839
Dividends received		98,656	300,643
Interest paid		(10,462)	(8,313)
Income taxes paid		(5,583)	(163)
Net cash flows from operating activities		<u>46,839</u>	<u>283,058</u>

(Continued)

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Decrease)Increase in financial assets at amortized cost		\$ -	\$ 77,504
Acquisition of property, plant and equipment	6(8)	(2,370)	(1,195)
Acquisition of intangible assets	6(12)	(263)	(949)
Disposal of property, plant and equipment		13,866	-
Acquisition of investment assets		(12,684)	-
Increase in other receivables-related parties		(100,178)	-
Increase in other non-current assets		(474)	(7,564)
Increase in refundable deposits		1,100	(1,747)
Net cash flows from (used in) investing activities		(101,003)	66,049
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in long-term borrowings	6(30)	200,000	-
Decrease in long-term borrowings	6(30)	(100,000)	-
Decrease in short-term borrowings	6(30)	-	(122,963)
Increase in other payables		(29,842)	3,060
(Decrease)Increase in guarantee deposits received	6(30)	(34)	(295)
Payments of lease liabilities	6(30)	(11,268)	(11,584)
Cash dividends paid		(60,975)	(83,147)
Net cash flows used in financing activities		(2,119)	(214,929)
Net increase (decrease) in cash and cash equivalents		(56,283)	134,178
Cash and cash equivalents at beginning of year		180,894	46,716
Cash and cash equivalents at end of year		\$ 124,611	\$ 180,894

ACTION ELECTRONICS CO., LTD

Rules of Procedure for Shareholders Meetings

Approved by the shareholders meeting June 15th 2020

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

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

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

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

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

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

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

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

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

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

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

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

Article 9 (Deleted)

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

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

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

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

Article 14 (Deleted)

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

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

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

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

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

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

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

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

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

Appendix 2

ACTION ELECTRONICS CO., LTD

Articles of Incorporation

Chapter 1 General Provisions

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

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

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

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

1. C399990 Other textile and product manufacturing
2. C802100 Cosmetics manufacturing
3. CB01020 Business Machine Manufacturing
4. CCO1030 Electrical and audio-visual electronic products manufacturing
5. CC01060 Wired Communication Machinery Equipment Manufacturing
6. CC01070 Wireless Communication Machinery Equipment Manufacturing
7. CC01080 Electronic Components Manufacturing
8. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
9. CC01110 Computer and Peripheral Equipment Manufacturing
10. CE01030 Optical Instrument Manufacturing
11. CH01030 Stationery Manufacturing
12. E601010 Electrical Appliances Assembling
13. E604010 Machinery Installation
14. EZ05010 Instrument and Meter Installation Engineering
15. EZ14010 Sports Field Equipment Engineering
16. F104110 Wholesale of cloth, clothing, shoes, hats, umbrellas and apparel products
17. F105050 Wholesale of furniture, bedding, kitchen appliances, and furnishings
18. F107030 Wholesale of cleaning products
19. F108031 Wholesale of medical equipment
20. F108040 Wholesale of cosmetics
21. F109070 Wholesale of culture, education, musical instruments, and educational products
22. F113010 Wholesale of machinery
23. F113020 Wholesale of electrical Appliance
24. F113030 Wholesale of precision instruments
25. F113050 Wholesale of computer and business machinery and equipment
26. F113070 Wholesale of telecommunications Equipment
27. F116010 Wholesale of photographic equipment
28. F119010 Wholesale of electronic materials
29. F207030 Retail cleaning product
30. F208031 Retail of medical equipment
31. F209060 Retail of cultural, educational, musical instruments, and educational products
32. F213010 Retail of electrical appliance
33. F213030 Retail of computer and business machinery and equipment
34. F213040 Retail of Precision Instruments

- 35. F213060 Retail of telecommunications equipment
- 36. F213080 Retail of mechanical appliances
- 37. F216010 Retail of photographic equipment
- 38. F219010 Retail of electronic materials
- 39. F401010 International Trade
- 40. F401021 Import of telecom control radio frequency equipment
- 41. I103060 Management Consulting
- 42. H703090 Real Estate Business
- 43. H703100 Real Estate Leasing
- 44. IG03010 Energy Technical Services
- 45. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

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

Article 5 : The Company's reinvestment amount may not be restricted by Article 13 of Company Act.

Article 6 : The method of Company's announcement shall be in accordance with Article 28 of Company Act.

Chapter 2 Capital and Stock

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

Article 8 : The shares issued by the Company may be issued without printing a share certificate and shall be registered with the centralized securities depository.

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

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

Chapter 3 Shareholders' Meeting

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

There are two types of shareholders' meetings as follows

(1) Regular shareholders' meeting: The meeting shall be convened at least once a year.

(2) Interim meeting of shareholders: To be convened when necessary.

The preceding ordinary shareholders' meeting shall be held within six months after the end of each fiscal year. The shareholders holding less than 1,000 registered shares after IPO may be notified by public announcement.

Article 12 : Each shareholder of the company has one vote per share, except in the case where the shares do not have the right to vote as stipulated in Article 179 of the Company Act.

Article 13 : When shareholders are unable to attend the shareholders' meeting, they shall issue a power of attorney issued by the company stating the scope of authorization to entrust a proxy to attend the meeting. Measures for shareholders' entrusted attendance should be in accordance with Article 177 of the Company Act" and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" Meetings" issued by the competent authority.

Article 14 : Unless otherwise stipulated by the Company Act and the Securities Exchange Law, the resolutions of the shareholders meeting shall be approved when attended shareholders representing more than half of the total number of issued shares, and more than half of the presented shareholders agree.

Chapter 4 Directors

Article 15 : The Company shall have eleven directors for a term of three years, who shall be re-elected by the shareholders' meeting for a term of three years and who are capable of acting. The number of shares held by all directors in the preceding paragraph shall not be less than the percentage prescribed by the competent securities authorities.

In the first paragraph, the number of independent directors shall not be less than three and not less than one-fifth of the number of directors. The professional qualifications, shareholdings, restrictions on part-time employment, nomination and election of independent directors and other matters to be followed shall be in accordance with the relevant regulations of the competent securities authorities.

In accordance with Article 192-1 of the Company Act, the Company shall adopt a candidate nomination system for the election of directors, and the shareholders shall elect them from the list of candidates. The method and public announcement of directors candidates shall be in accordance with Company Act and Securities and Exchange Act.

Article 16 : The board of directors shall be attended by more than two-thirds of the directors and agreed by more than half of the directors present. One person shall be elected as the chairman of the board, and one person may be elected as the vice chairman in the same manner according to business needs.

The chairman of the board of directors serves as the chairman of the shareholders' meeting and the board of directors' meeting internally, and represents the company externally. When the chairman asks for leave or cannot exercise his functions and powers for some reason and if there is vice chairman appointed, vice chairman should be act as the deputy chairman. If there is no vice chairman, or when the vice chairman also asks for leave or cannot exercise his functions and powers for some reason, the chairman shall appoint one director act as deputy chairman. If the chairman of the board of directors does not appoint any deputy chairman, the deputy chairman shall be elected from among the directors. If the meeting is convened by a convening person other than the board of directors, the chairman shall be the convening person. If there are two or more convening persons, the chairman should be elected from among the convening persons.

Article 17 : The convening of the board of directors' meeting shall notify the directors seven days in advance specifying the reasons for meeting. When there is an emergency, the meeting can be called at any time. The notification for convening on the preceding paragraph may be done in writing, fax or e-mail.

The resolutions of the board of directors should be agreed by more than half of the present directors with the meeting attended by more than half of the directors, unless otherwise provided by laws and regulations.

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

Article 19 : Board meeting may be convened via videoconference. Directors participating in a meeting via videoconference is deemed to be present in person. If a director is unable to attend a board meeting for any reason, he/she may appoint another director to attend the meeting by proxy, provided that the former proxy is limited to one person.

- Article 20 : The board of directors' meeting shall be conducted with more than half of the directors present, unless otherwise stipulated by the Company Act and related laws and regulations, and its resolution shall be made with more than half of the presented directors' agree.
- Article 21 : The Board of Directors shall have the following powers and duties:
- (1) To formulate business policies and plans.
 - (2) To prepare capital increase or decrease.
 - (3) To prepare the appropriation of earnings.
 - (4) All resolutions shall be adopted by the board of directors, except for the matters the execution of which shall be effected pursuant the resolutions of the shareholders' meeting as required by Company Act or the Articles of Incorporation.
- Article 22 : A by-election will be made when directors are vacant, but it may be exempted when the statutory quota of directors is sufficient. The succeeding directors' tenure after by-election shall be until the expiration of the original director's term.
- Article 23 : In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee consisting of all independent directors. The audit committee shall be composed of the entire number of independent directors. And shall not be less than three persons in number, one of whom shall be committee convenor, and at least one of whom shall have accounting or financial expertise. The Audit Committee is responsible for the exercise of the duties and responsibilities of the supervisors under the Company Act, the Securities and Exchange Act and other laws. The members of the Audit Committee, their authority, and other matters to be followed by the Audit Committee shall be in accordance with the regulations.
- Article 24 : (Deleted)
- Article 25 : The remuneration of the chairman, vice-chairmen and directors shall be determined in accordance with the degree of involvement and contribution to the operation of the Company. The remuneration shall consider domestic and foreign industry standards and authorize board of directors' meetings to be determined. The traveling/transportation allowance for board of directors shall by decided by the board meeting.

Chapter 5 Managerial Officials

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

Chapter 6 Accounting

- Article 27 : At the end of each fiscal year, the Board of Directors shall prepare a report of operations, financial statements, and a proposal for the distribution of earnings or the appropriation of losses and submit them to the Audit Committee for reviews and Audit Committee shall issue a report to the shareholders' meeting for adoption at least 30 days prior to the regular shareholders' meeting.
- Article 28 : Based on the company's operational needs and the consideration of maximizing shareholders' equity, the Company's dividend policy will be based on the company's future capital expenditure and capital needs. The proportion of cash dividends will be not less than 30% of the total dividends.
- Article 29 : If the Company makes a profit in the year (profit is defined as profit before taxation before

the distribution of employee compensation and director's compensation), not less than 1% of employee compensation and not more than 3% of director's compensation shall be appropriated; independent directors shall not participate in the distribution. However, if the Company still has accumulated losses, the amount of compensation should be reserved in advance, and then the employees and directors' compensation shall be appropriated in accordance with the aforementioned percentages.

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

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

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

Chapter 7 Supplementary Provisions

Article 30 : The Company may transfer shares to employees at a price less than the average price of the shares actually repurchased by the Company and shall have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares in accordance with Article 10-1 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.

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

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

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

The first revision was made on December 17th 1976.

The second amendment was made on August 20th 1978.

The third amendment was made on June 15th 1979.

The fourth amendment was made on September 9th 1980.

The fifth amendment was made on September 5th 1981.

The sixth amendment was made on July 31st 1982.

The seventh amendment was made on September 17th, 1982.

The eighth amendment was made on November 11th, 1982.

The ninth amendment was made on April 15th, 1984.

The tenth amendment was made on November 9th, 1985.

The eleventh amendment was made on December 13th, 1985.

The twelfth amendment was made on April 25th, 1987.

The thirteenth amendment was made on July 24th, 1987.

The fourteenth amendment was made on January 31st, 1988.

The fifteenth amendment was made on March 15th, 1988.

The sixteenth amendment was made on May 14th, 1989.

The seventeenth amendment was made on December 15th, 1989.

The eighteenth amendment was made on October 24th, 1990.

The nineteenth amendment was made on May 31st, 1991.
The twentieth amendment was made on May 16th, 1992.
The twenty-first amendment was made on May 4th, 1993.
The twenty-second amendment was made on June 6th, 1996.
The twenty-third amendment was made on June 6th, 1997.
The twenty-fourth amendment was made on May 21st, 1998.
The twenty-fifth amendment was made on June 14th, 1999.
The twenty-sixth amendment was made on June 22th, 2000.
The twenty-seventh amendment was made on June 27th, 2001.
The twenty-eighth amendment was made on June 24th, 2002.
The twenty-ninth amendment was made on June 15th, 2004.
The thirtieth amendment was made on June 14th, 2005.
The thirty-first amendment was made on June 14th, 2006.
The thirty-second amendment was made on June 13th, 2007.
The thirty- third amendment was made on June 17th, 2008.
The thirty-fourth amendment was made on June 17th, 2009.
The thirty-fifth amendment was made on June 17th, 2010.
The thirty-sixth amendment was made on June 28th, 2012.
The thirty-seventh amendment was made on June 28th, 2013.
The thirty-eighth amendment was made on June 24th, 2014.
The thirty-ninth revision was made on June 17th, 2016.
The fortieth amendment was made on June 26th, 2023.

Action Electronics CO., LTD

Shareholding of Directors and Independent Directors

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

Data base: April 16, 2024

Position	Name	Current shareholding (Shars)	Shareholding ratio
Chairman	Peng Ting-Yu	4,331,983	1.56%
Director	Peng Chiun-Ping	20,683,303	7.46%
Director	Yip Lai Wai	2,000,000	0.72%
Director	Liu Chiu Chi	5,101,000	1.84%
Director	Chao Teng Pang	1,442,820	0.52%
Director	Wen Yu mei	2,256,000	0.81%
Director	New Spring Garden Investment Co., Ltd. Chin -Wan Tsai	1,000,000	0.36%
Director	Peng Hsiu yun	1,120,000	0.40%
Independent Director	Tang Peng Chin	0	0.00%
Independent Director	Cheung Chi Yuen	0	0.00%
Independent Director	Yen Tzong Ming	0	0.00%
Total		37,935,106	13.68%