

Stock Code: 2483



**EXCEL CELL ELECTRONIC CO., LTD.**

The 2023 General Shareholder's Meeting

# Meeting Handbook

Time and Date: 9:00 a.m. on May 31, 2023 (Wednesday)

Venue: No. 20, Gongyequ 25th Rd., Nantun District, Taichung City

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# **EXCEL CELL ELECTRONIC CO., LTD.**

## **Meeting Procedure for the 2023 Annual General Shareholders Meeting**

- I. Call the Meeting to Order
- II. Chair's Remarks
- III. Reports
- IV. Ratification Matters
- V. Extemporaneous Motions
- VI. Adjournment

# **EXCEL CELL ELECTRONIC CO., LTD.**

## **The 2023 General Shareholder's Meeting Agenda**

Time and Date: 9:00 a.m. on May 31, 2023 (Wednesday)

Venue: Excel Cell Electronic Co., Ltd. at No. 20, Gongyequ 25th Rd., Nantun District, Taichung City

I. Call the Meeting to Order

II. Chair's Remarks

III. Reports:

(1) 2022 Employees' and Directors' Remuneration Distribution Statement.

(2) 2022 Business Report.

(3) Audit Committee's Review Report.

(4) Distribution of cash dividends from the 2022 earnings.

(5) Distribution of cash dividends from the capital surplus.

(6) Report on Directors' Remuneration.

IV. Ratification Matters:

(1) Ratification of the 2022 Business Report, Financial Statements, and Consolidated Financial Statements.

(2) Ratification of the 2022 Statement of Earnings Distribution.

V. Extemporaneous Motions:

VI. Adjournment

## Reports:

Motion 1: 2022 Employees' and Directors' Remuneration Distribution Statement.

Details: 1. As per the Company's Articles of Incorporation, no lower than 1% of the profit made for a fiscal year (the profit refers to the profit before tax and before employee remuneration and directors' remuneration is deducted) shall be allocated as employee remuneration and no higher than 2% for directors' remuneration. However, profits must first be reserved to offset against a cumulative deficit (including adjusted undistributed earnings), if applicable.

2. The Company's 2022 pre-tax profit before employee remuneration and directors' remuneration are deducted amounted to NT\$ 207,540,054; 4% of the balance was allocated for employee remuneration of NT\$ 8,301,602; 2% for directors' remuneration, amounting to NT\$ 4,150,801.

Motion 2: 2022 Business Report.

Details: Please refer to pages 6-8 of this handbook (Attachment 1).

Motion 3: Audit Committee's Review Report.

Details: Please refer to page 9 of this handbook (Attachment 2).

Motion 4: Distribution of cash dividends from the 2022 earnings.

Details: It was proposed to distribute NT\$0.6 per share for the 2022 earnings distribution in the total amount of NT\$65,456,285. After being approved by the board of directors on March 8, 2023, the ex-dividend record date was April 6, 2023, and the dividends were paid out on May 4, 2023.

Motion 5: Distribution of cash dividends from the Additional Paid-in Capital.

Details: It was proposed to distribute cash dividends at NT\$0.4 per share in cash from the Additional Paid-in Capital in excess of the par value of the stock from issuance of shares in the amount of NT\$ 43,637,523. After being approved by the board of directors on March 8, 2023, the ex-dividend record date was April 6, 2023, and the dividends were paid out on May 4, 2023.

Motion 6: Report on Directors' Remuneration.

Details: 1. As per Article 29-1 of the Articles of Incorporation, the Company shall allocate 2% of the profit for directors' remuneration, and both directors and independent directors are entitled to receive directors' remuneration. The Company regularly evaluates the remuneration to directors in accordance with the Rules for Performance Evaluation of Board of Directors. The performance evaluation and the reasonableness of the remuneration to be paid are reviewed by the Remuneration Committee and the Board of Directors.

2. As per Article 29 of the Articles of Incorporation, in 2022, the Company made a profit for the fiscal year and allocated not higher than 2% of the balance for directors' remuneration, amounting to NT\$ 4,150 thousand, and honoraria for attendance at board meetings, amounting NT\$ 189 thousand, totaling NT\$ 4,339 thousand, as resolved by the Board of Directors.

3. Details of remuneration received by directors is as follow:

NT\$ thousand

Title	Name	Remuneration to directors								Sum (A+B+C+D)	
		Base compensation (A)		Severance pays (B)		Directors' remuneration (C)		Business execution expenses (D)			
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements
Chairman	Liao Pen-Lin	0	0	0	0	461	461	21	21	482	482
Director	Hsiao Teng-Tang	0	0	0	0	461	461	21	21	482	482
Director	Liao Pen-Tien	0	0	0	0	461	461	21	21	482	482
Director	Hsu Min-Cheng	0	0	0	0	461	461	21	21	482	482
Director	Liao Yueh-Shiang	0	0	0	0	461	461	21	21	482	482
Director	Pai Ho Investment Co., Ltd.	0	0	0	0	231	231	0	0	231	231
Last director before re-election	Tsai Huai-Jen	0	0	0	0	0	0	6	6	6	6
Independent Director	Hsu Ching-Tao	0	0	0	0	461	461	21	21	482	482
Independent Director	Chen Hsiang-Ning	0	0	0	0	461	461	21	21	482	482
Independent Director	Terry Chiang	0	0	0	0	461	461	21	21	482	482
Independent Director	Chiu, Chuan-Tzu	0	0	0	0	231	231	15	15	246	246
Total		0	0	0	0	4,150	4,150	189	189	4,339	4,339

## **Matters for Acknowledgement:**

Motion 1: Ratification of the 2022 Business Report, Financial Statements, and Consolidated Financial Statements. (Proposed by the Board of Directors)

Details: 1. The following documents were prepared in accordance with Article 228 of the Company Act:

- (1) Please refer to pages 6-8 of this handbook (Attachment 1) for the 2022 Business Report.
- (2) Please refer to pages 10-31 of this handbook (Attachment 3) for the 2022 parent company-only Financial Statements and Consolidated Financial Statements.

2. Submitted for ratification.

Motion 2: Ratification of the 2022 Statement of Earnings Distribution. (Proposed by the Board of Directors)

Details: 1. It is proposed to allocate NT\$0.6 per share for the 2022 earnings distribution in the amount of NT\$65,456,285. Please refer to page 32 of this handbook (Attachment 4).

2. Submitted for ratification.

## **Extemporaneous Motions**

## **Adjournment**

**Excel Cell Electronic Co., Ltd.**  
**The 2022 Business Report**

**Operating performance**

I. Business Plan Implementation Results:

In 2022, ECE has benefited from the continuing market expansion of technologies, like 5G, AI, high performance computing, etc., and penetration of semiconductor components into end products of automotive, IoT, etc. In 2022 the consolidated revenue of the Company was NT\$ 2,225,595, compare with year 2021, it increased NT\$ 54,553 thousand, gross profit margin was 19%, compared with the same time last year, it increased 2%, consolidated gross profit increased NT\$ 60,291 thousand, and consolidated operating expenses decreased NT\$ 41,779 thousand, 2022 consolidated operating profit was NT\$ 113,782 thousand, compared with year 2021, it increased NT\$ 102,070 thousand.

Non-operating income was NT\$ 107,950 thousand, it mainly was foreign currency exchange benefit NT\$ 45,693 thousand; the share of recognized benefits of in associates for using equity method was NT\$ 38,396 thousand; dividend revenue was NT\$ 14,656 thousand; other revenue was NT\$ 16,285 thousand; disposal of investment property benefit was NT\$ 10,626 thousand; financial cost was NT\$ 16,518 thousand, etc., and 2022 net profit after tax was NT\$ 170,125 thousand; net profit attributable to the Company owner was NT\$ 167,822 thousand; earnings per share was NT\$ 1.54.

II. Revenue and Expenditure and Profitability Analysis

(I) Financial Position:

Unit: NT\$ thousand

Account title	2022	2021
Operating revenue	2,225,595	2,171,042
Operation gross profit	417,233	356,942
Operating expenses	303,451	345,230
Operating income	113,782	11,712
Net income for this period	170,125	154,615
Net income attributable to		
Owners of the Company	167,822	153,097
Non-controlling interests	2,303	1,518



(II) Profitability analysis:

Item		2022	2021
Gross profit margin (%)		19	17
Return on assets (%)		4.12	3.94
Return on shareholders' equity (%)		6.58	6.27
As a percentage of paid-in capital (%)	Operating income	10.43	1.07
	Income before tax	20.32	20.34
Net profit margin (%)		7.64	7.12
Earnings per share (NTD)		1.54	1.40

III. R&D status: The main R&D status in 2021 is specified below:

(I) Lead Frame for Semiconductor Industry

- (1) The new specification of high-density lead frame has been approved by customers, and entered in mass production.
- (2) Automotive power module lead frame has been approved by customer and entered in trial production.
- (3) New specification of automotive high power lead frame has been approved by customers.

(II) Electronic components

- (1) Introduced production of products of code switch, terminal block, industrial control switch and trigger switch, etc. applied by Ai industry/automotive/illumination/industrial electronics/electric hand tools.
- (2) Introduced production of quick connect terminal of patent terminal block applied by industrial electromechanical equipment.
- (3) Safety certification of 16mm specification series of emergency stop switch has been approved, and delivered sample to customers.
- (4) Product design of small switch piece series of industrial control switch entered in verification.
- (5) Products of trigger switch (mechanical) of electric hand tools series enter in mass production.
- (6) Self-designed relay test equipment has been approved and went into mass production, and additional test function of AC (alternating) relay has been implemented on existing production facilities to reach the goal of independent research and development
- (7) Purchased relay wire trimming automation production equipment of other specifications has been put into use. Repurchased the second automotive line of GQ specification has been adapted in the factory. Currently continued to add two sets of automotive line of other types, and continuously raised production, entered in the phase of test machine and acceptance.
- (8) Implementation of next generation 3D digital microscopes.

(III) Stepping motors

- (1) Medical motor module development: syringe motor module has been verified by customers, and sphygmomanometer motor has entered in the phase of trial production.
- (2) Automotive and commercial expansion valve development: entered in trial production and verification.

- (3) HB type servo stepper motor development: utilized automation equipment motor and current, and control program development entered in the phase of real machine test.

## **Future Outlook**

### **Business development plans**

- (I) Lead Frame for Semiconductor Industry:  
From the China-US trade conflict to the post-pandemic era, global semiconductor supply chain has enormous change as it. All IDM factory seek a more decentralized supply chain to reduce risk. ECE also has striven for an opportunity of entering new supply chain, developed new market to avoid over intensive risk of customer groups, and it's also a strategic objective for ECE.
- (II) Electronic components:  
ECE followed closely on the influence of global economy and electronics industry caused by the reopening of pandemic restrictions and the development of China-US trade conflict, and strategically re-allocate and expand our production capacity in China and Taiwan, and implemented innovation, like lean production, SPC quality system and strategic marketing, etc., rapidly researched and developed smart home, electric vehicle and new energy products, continued to keep global competitiveness, assisted customers to reach and keep the leading place, and provided complete and full solutions to become customers' long-term strategic partner.
- (III) Stepping motors:
  - (1) Expanding motor types: linear motor, robot arm motor and HB type stepping motor.
  - (2) Expansion of application products with mortar manufacturing technologies: automotive expansion valve coil, electromagnetic valve, throttle actuator and valve linear stepping motor actuator.
  - (3) Development on new market: expanding business in regions, such as Europe, USA, Russia and Japan, etc.

Prospecting the future, although emerging markets, like 5G, IoT and Ai, etc. have still steadily grown, it has been favor for customer to keep maintain steady on pull in kinetic energy, not to mention that technology innovation and capacity scale have still maintain the globe leading place in Taiwan; however, Russo-Ukrainian War has continued to expand, the epidemic has still existed, and global inflation pressure has sustained high, all caused that the global macroeconomy has expressed weakness, and expected it will not be solved completely in the first half of year 2023, and therefore, sales power of end products will hardly recover, customers will continue to adjust inventory, and expected the prosperity of the industry will appear slight decline status.

The Company will continue to establish automated production processes, collect automated equipment data in real time, and improve the product production yield. We will adopt lean manufacturing, an SPC(Statistical process control) quality management, strategic marketing, and other innovative activities, to accelerate our R&D of products for environmental protection and green energy, electric vehicles, and smart home control applications, continue to maintain our global competitiveness, and assist clients in achieving and maintaining their leading positions, while providing them with a variety of total solutions as their long-term strategic partner.

Chairman: Liao Pen-Lin

Manager: Liao Pen-Lin

Chief of Accounting Officer: Chiang, Yu-Chang

## **Audit Committee's Review Report**

The board of directors prepared the Company's 2022 Business Report, Financial Statements, and Statement of Earnings Distribution, among which the Financial Statements have been audited by Deloitte & Touche, by whom an audit report has been issued. Business Report, Financial Statements, and proposal for allocation of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

**Excel Cell Electronic Co., Ltd.**

Convener of the Audit Committee:

Hsu Ching-Tao

March 8, 2023

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Excel Cell Electronic Company Limited

### Opinion

We have audited the accompanying Parent company only financial statements of Excel Cell Electronic Company Limited (the "Company"), which comprise the Parent company only balance sheets as of December 31, 2022 and 2021, and the Parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the Parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other auditors (please refer to Other Matter section), the accompanying Parent company only financial statement present fairly, in all material respects, the Parent company only financial position of the Company as of December 31, 2021 and 2020, and its Parent company only financial performance and its Parent company only 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 (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis For Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted 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 Parent company only financial statements for the year ended December 31, 2022. 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, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's Parent company only financial statements for the year ended December 31, 2022 is discussed as follows:

### Recognition of sales revenue

The Company's main sales items are electronic components such as programmable switches, relays and lead frames. Certain products significantly impact the overall operating revenue and profitability and are therefore identified as a key audit matter. Refer to Notes 4 to the Parent company only financial statements for accounting policies of revenue recognition.

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

1. We understood and tested the design and implementation of internal control over revenue recognition and verified, on a sampling basis, the appropriateness of the approved original orders.
2. We verified the authenticity of the revenue recognition by sampling the sales details of the major sales items to the original orders, sales slips and receipts.

### **Other Matter**

We did not audit the financial statements of Fuzetec Technology Co., Ltd. accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these investments, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$258,537 thousand and NT\$252,422 thousand, both constituting 6% of the Parent company only total assets as at December 31, 2022 and 2021, respectively, and the comprehensive loss recognised from investments accounted for under the equity method amounted to NT\$38,675 thousand and NT\$38,095 thousand, constituting 22% and 16% of the Parent company only total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to these investees, is based solely on the reports of the other auditors.

### **Responsibilities of Management and Those Charged with Governance for the Parent company only 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 members of 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.

5. 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.
6. Obtain sufficient and 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 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 Parent company only financial statements for the year ended December 31, 2022 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.

The engagement partners on the audits resulting in this independent auditors' report are Ding-jian, Su and Hsin-wai, Tai.

Independent Accountants

Su, Ting-Chien  
Tai, Hsin-Wei

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 8, 2023

EXCEL CELL ELECTRONIC COMPANY LIMITED  
PARENT COMPANY ONLY BALANCE SHEETS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 512,386	12	\$ 275,621	7
1110	Financial assets at fair value through profit or loss – Current (Note 4 and 7)	46,077	1	59,464	1
1136	Financial assets at amortized cost – Current (Note 4 and 8)	18,347	1	53,245	1
1150	Notes receivable from unrelated parties (Note 4 and 9)	11,943	-	18,933	1
1170	Accounts receivable from unrelated parties (Note 4 and 9)	183,822	4	232,418	6
1180	Accounts receivable from related parties (Note 4, 9 and 22)	26,294	1	53,741	1
1200	Other receivables net (Note 18 and 22)	964	-	3,572	-
1310	Inventories (Notes 4 and 10)	311,804	7	349,091	9
1470	Other current assets	13,741	-	15,699	-
11XX	Total current assets	<u>1,125,378</u>	<u>26</u>	<u>1,061,784</u>	<u>26</u>
	<b>NONCURRENT ASSETS</b>				
1517	Financial assets at fair value through other comprehensive income – Noncurrent (Note 4 and 11)	196,953	5	228,549	5
1550	Investments accounted for using equity method (Note 4 and 12)	1,351,597	31	1,333,988	32
1600	Property, plant and equipment (Notes 4, 13, 22, 23 and 24)	1,535,115	35	1,397,661	34
1780	Intangible assets (Notes 4)	38,649	1	40,774	1
1840	Deferred income tax assets (Notes 4 and 18)	17,122	-	24,772	1
1915	Prepayment for equipment	98,543	2	43,837	1
1975	Net defined benefit asset – Noncurrent (Note 4 and 15)	2,724	-	-	-
1990	Other noncurrent assets	3,171	-	2,328	-
15XX	Total noncurrent assets	<u>3,243,874</u>	<u>74</u>	<u>3,071,909</u>	<u>74</u>
1XXX	TOTAL	<u>\$ 4,369,252</u>	<u>100</u>	<u>\$ 4,133,693</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term loans (Note 14)	\$ 410,000	10	\$ 260,000	6
2110	Short-term bills payable (Note 14)	380,000	9	380,000	9
2170	Notes and accounts payables to unrelated parties	134,623	3	208,233	5
2180	Notes and accounts payables to related parties (Note 22)	38,970	1	65,585	2
2200	Other payables (Notes 22)	98,802	2	96,499	2
2230	Current tax liabilities (Notes 4 and 18)	10,868	-	2,214	-
2313	Deferred income (Note 4 and 14)	2,194	-	1,843	-
2320	Long-term loans - current portion (Note 14)	119,480	3	18,255	1
2399	Other current liabilities	15,925	-	12,445	-
21XX	Total current liabilities	<u>1,210,862</u>	<u>28</u>	<u>1,045,074</u>	<u>25</u>
	<b>NONCURRENT LIABILITIES</b>				
2540	Long-term loans (Note 14 and 23)	530,345	12	527,501	13
2570	Deferred income tax liabilities (Notes 4 and 18)	12,637	-	5,278	-
2630	Long-term deferred income (Note 4 and 14)	9,365	-	8,638	1
2640	Net defined benefit liabilities – Noncurrent (Note 4 and 15)	-	-	8,402	-
25XX	Total noncurrent liabilities	<u>552,347</u>	<u>12</u>	<u>549,819</u>	<u>14</u>
2XXX	Total liabilities	<u>1,763,209</u>	<u>40</u>	<u>1,594,893</u>	<u>39</u>
	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>				
3110	Capital stock	1,090,938	25	1,090,938	26
3200	Capital surplus	270,775	6	314,412	7
	Retained earnings				
3310	Legal reserve	312,197	7	296,058	7
3320	Special reserve	16,972	1	19,870	1
3350	Unappropriated earnings	793,700	18	703,769	17
3400	Other equity	121,461	3	113,753	3
3XXX	Total equity	<u>2,606,043</u>	<u>60</u>	<u>2,538,800</u>	<u>61</u>
	TOTAL	<u>\$ 4,369,252</u>	<u>100</u>	<u>\$ 4,133,693</u>	<u>100</u>

The accompanying notes are an integral part of the Parent company only financial statements.  
(With Deloitte & Touche auditors' report dated March 8, 2023)



EXCEL CELL ELECTRONIC COMPANY LIMITED  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022		2021	
		Amount	%	Amount	%
4000	OPERATING REVENUE, NET (Note 4 and 22)	\$ 1,441,622	100	\$ 1,450,924	100
5000	OPERATING COSTS (Notes 10, 17 and 22)	<u>1,147,088</u>	<u>79</u>	<u>1,170,935</u>	<u>81</u>
5900	GROSS PROFIT	<u>294,534</u>	<u>21</u>	<u>279,989</u>	<u>19</u>
	OPERATING EXPENSES (Notes 17)				
6100	Selling and marketing expenses	43,001	3	55,434	4
6200	General and administrative expenses	95,570	7	84,160	5
6300	Research and development expenses	<u>79,498</u>	<u>5</u>	<u>85,658</u>	<u>6</u>
6000	Total operating expenses	<u>218,069</u>	<u>15</u>	<u>225,252</u>	<u>15</u>
6900	PROFIT FROM OPERATIONS	<u>76,465</u>	<u>6</u>	<u>54,737</u>	<u>4</u>
	NON-OPERATING INCOME AND EXPENSES				
7050	Finance costs (Note 17)	( 14,716)	( 1)	( 8,996)	( 1)
7070	Share of profit of associates accounted for using the equity method (Note 4 and 12)	78,792	6	140,053	10
7100	Interest income	1,614	-	725	-
7190	Other income (Note 17 and 22)	20,392	1	20,101	1
7020	Other gains and losses (Note 17)	<u>32,541</u>	<u>2</u>	<u>( 21,532)</u>	<u>( 1)</u>
7000	Total non-operating income and expenses	<u>118,623</u>	<u>8</u>	<u>130,351</u>	<u>9</u>
7900	INCOME BEFORE INCOME TAX	195,088	14	185,088	13
7950	INCOME TAX EXPENSE (Notes 4 and 18)	<u>27,266</u>	<u>2</u>	<u>31,991</u>	<u>2</u>
8200	NET PROFIT FOR THE YEAR	<u>167,822</u>	<u>12</u>	<u>153,097</u>	<u>11</u>

(Continued)

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 15)	\$ 1,093	-	\$ 2,795	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	( 26,978 )	( 2 )	77,329	5
8330	Share of the other comprehensive income of associates accounted for using the equity method (Note 12)	5,214	-	5,798	1
8349	Income tax related to items that will not be reclassified subsequently (Note 18)	( 219 )	-	( 559 )	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	<u>24,102</u>	<u>2</u>	( <u>6,590</u> )	( <u>1</u> )
8300	Other comprehensive gain (loss) for the year, net of income tax	<u>3,212</u>	<u>-</u>	<u>78,773</u>	<u>5</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 171,034</u>	<u>12</u>	<u>\$ 231,870</u>	<u>16</u>
	EARNINGS PER SHARE (NT\$, Note 19)				
9750	Basic	<u>\$ 1.54</u>		<u>\$ 1.40</u>	
9850	Diluted	<u>\$ 1.53</u>		<u>\$ 1.40</u>	

The accompanying notes are an integral part of the parent company only financial statements.  
(With Deloitte & Touche auditors' report dated March 8, 2023)

EXCEL CELL ELECTRONIC COMPANY LIMITED  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

		(In Thousands of New Taiwan Dollars, Except Earnings Per Share)							
		Retained Earnings (Note 16)					Other Equity (Note 4)		
Code		Share Capital (Note 16)	Capital Surplus (Note 16)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
A1	BALANCE AT JANUARY 1, 2021	\$ 1,090,938	\$ 340,448	\$ 288,567	\$ 25,070	\$ 582,602	(\$ 41,222)	\$ 79,291	\$ 2,365,694
	Appropriation of 2020 earnings								
B1	Legal reserve	-	-	7,491	-	( 7,491 )	-	-	-
B5	Cash dividends	-	-	-	-	( 32,728 )	-	-	( 32,728 )
B17	Reversal of special reserve	-	-	-	( 5,200 )	5,200	-	-	-
C15	Capital Surplus distribute to Cash dividends	-	( 43,638 )	-	-	-	-	-	( 43,638 )
D1	Net profit for the year ended December 31, 2021	-	-	-	-	153,097	-	-	153,097
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	2,469	( 6,590 )	82,894	78,773
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	155,566	( 6,590 )	82,894	231,870
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	620	-	( 620 )	-
C7	Changes in equity of subsidiaries associates accounted for using equity method	-	17,602	-	-	-	-	-	17,602
Z1	BALANCE AT DECEMBER 31, 2021	1,090,938	314,412	296,058	19,870	703,769	( 47,812 )	161,565	2,538,800
	Appropriation of 2021 earnings								
B1	Legal reserve	-	-	16,139	-	( 16,139 )	-	-	-
B5	Cash dividends	-	-	-	-	( 65,456 )	-	-	( 65,456 )
B17	Reversal of special reserve	-	-	-	( 2,898 )	2,898	-	-	-
C15	Capital Surplus distribute to Cash dividends	-	( 43,637 )	-	-	-	-	-	( 43,637 )
D1	Net profit for the year ended December 31, 2022	-	-	-	-	167,822	-	-	167,822
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	971	24,102	( 21,861 )	3,212
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	168,793	24,102	( 21,861 )	171,034
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	( 165 )	-	5,467	5,302
Z1	BALANCE AT DECEMBER 31, 2022	\$ 1,090,938	\$ 270,775	\$ 312,197	\$ 16,972	\$ 793,700	(\$ 23,710)	\$ 145,171	\$ 2,606,043

The accompanying notes are an integral part of the Parent company only financial statements.  
(With Deloitte & Touche auditors' report dated March 8, 2023)

EXCEL CELL ELECTRONIC COMPANY LIMITED  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 195,088	\$ 185,088
	Adjustments for:		
A20100	Depreciation expense	89,798	85,129
A20200	Amortization expense	6,861	5,084
A20300	Expected credit losses recognized (reversal)	( 122 )	12
A20400	Net profit of financial instruments at fair value through profit or loss	3,361	( 544 )
A20900	Finance costs	14,716	8,996
A21200	Interest income	( 1,614 )	( 725 )
A21300	Dividend income	( 11,974 )	( 9,797 )
A22400	Share of profit of subsidiaries and associates accounted for under equity method	( 78,792 )	( 140,053 )
A22500	Loss (gain) on disposal of property, plant and equipment, net	( 787 )	616
A23100	Loss on disposal of investments	3,936	2,768
A23700	Allowance for inventory valuation and obsolescence loss	7,485	7,511
A24100	Net unrealized loss on foreign currency exchange	1,744	488
A29900	Deferred Income	( 1,950 )	( 1,601 )
	Changes in operating assets and liabilities		
A31130	Notes receivable	6,990	( 9,541 )
A31150	Accounts receivable	74,035	( 57,452 )
A31180	Other receivables	( 465 )	3,567
A31200	Inventories	25,912	( 158,461 )
A31240	Other current assets	1,959	( 2,937 )
A32150	Notes and accounts payable	( 99,848 )	127,788
A32180	Other payables	2,312	21,759
A32230	Other current liabilities	3,480	( 5,819 )
A32240	Net defined benefit plan	( 10,033 )	( 1,463 )
A33000	Cash generated from operations	232,092	60,413
A33100	Interest received	1,614	725
A33200	Dividends received	51,253	140,695
A33300	Interest paid	( 14,716 )	( 8,996 )
A33400	Dividends paid	( 109,093 )	( 76,366 )
A33500	Income tax paid	( 749 )	( 16,884 )
AAAA	Net cash generated from operating activities	<u>160,401</u>	<u>99,587</u>

(Continued)

(Continued)

Code		2022	2021
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00010	Purchase of financial assets at fair value through other comprehensive	\$ -	(\$ 2,139)
B00020	Disposal of financial assets at fair value through other comprehensive	9,920	-
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	3,902
B00040	Purchase of financial assets at amortized cost	-	( 59,188)
B00050	Disposal of financial assets at amortized cost	34,898	6,803
B00100	Purchase of financial assets at fair value through profit or loss	( 44,480)	( 14,033)
B00200	Disposal of financial assets at fair value through profit or loss	54,506	59,730
B01800	Purchase of investments accounted for using the equity method	( 119,720)	( 574,131)
B02300	Disposal of subsidiaries	118,004	20,532
B02400	Proceeds from capital reduction of investment	49,000	320,786
B02700	Payments for property, plant and equipment	( 160,816)	( 207,664)
B02800	Proceeds from disposal of property, plant and equipment	1,622	-
B03700	Refundable deposits paid	( 843)	-
B04500	Payments for intangible assets	( 4,736)	( 3,632)
B06700	Increase in other noncurrent assets	-	( 485)
B07100	Increase in prepayments for equipment	( 118,088)	( 93,878)
BBBB	Net cash used in investing activities	( 180,733)	( 543,397)
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C00100	Increase in short-term loans	150,000	-
C00500	Increase in short-term bills payable	-	30,000
C01600	Proceeds from long-term loans	125,599	110,670
C01700	Repayment of long-term loans	( 18,502)	-
CCCC	Net cash generated from financing activities	257,097	140,670
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	236,765	( 303,140)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	275,621	578,761
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 512,386	\$ 275,621

The accompanying notes are an integral part of the parent company only financial statements.  
(With Deloitte & Touche auditors' report dated March 8, 2023)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Excel Cell Electronic Company Limited

### **Opinion**

We have audited the accompanying consolidated financial statements of Excel Cell Electronic Company Limited and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other auditors (please refer to Other Matter section), the accompanying consolidated financial statement present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, 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 (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis For Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is discussed as follows:

### Recognition of sales revenue

The Group's main sales items are electronic components such as programmable switches, relays and lead frames. Certain products significantly impact the overall operating revenue and profitability and are therefore identified as a key audit matter.

Refer to Notes 4 to the consolidated financial statements for accounting policies of revenue recognition.

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

3. We understood and tested the design and implementation of internal control over revenue recognition and verified, on a sampling basis, the appropriateness of the approved original orders.
4. We verified the authenticity of the revenue recognition by sampling the sales details of the major sales items to the original orders, sales slips and receipts.

### **Other Matter**

We did not audit the financial statements of Fuzetec Technology Co., Ltd. which a wholly-owned consolidated subsidiary and investees accounted for under the equity method. Total investments accounted for using equity method amounted to NT\$258,537 thousand and NT\$252,422 thousand, both constituting 6% of consolidated total assets as at December 31, 2022 and 2021, respectively. Comprehensive income accounted for using equity method of NT\$38,675 thousand and NT\$38,095 thousand, constituting 22% and 16% of consolidated total comprehensive income for the years ended December 31, 2022 and 2021, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to the consolidated subsidiary and investees, is based solely on the reports of the other auditors.

We have audited and expressed an unqualified opinion on the parent company only financial statements of Excel Cell Electronic Company Limited as at and for the years ended December 31, 2022 and 2021.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 Consolidated 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 auditing standards generally accepted 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 Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.

5. 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.
6. Obtain sufficient and 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 for the year ended December 31, 2022 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.

The engagement partners on the audits resulting in this independent auditors' report are Ding-jian, Su and Hsin-wai, Tai.

Independent Accounts

Su, Ting-Chien  
Tai, Hsin-Wei

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 8, 2023

EXCEL CELL ELECTRONIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents (Note 4 and 6)	\$ 812,896	18	\$ 589,751	14
1110	Financial assets at fair value through profit or loss – Current (Note 4 and 7)	46,077	1	61,940	1
1136	Financial assets at amortized cost – Current (Note 4 and 8)	18,347	-	53,245	1
1150	Notes receivable from unrelated parties (Note 4 and 9)	36,786	1	63,814	1
1170	Accounts receivable from unrelated parties (Note 4 and 9)	335,747	8	401,288	9
1180	Accounts receivable from related parties (Note 4, 9 and 26)	1,581	-	3,150	-
1200	Other receivables (Note 4 and 22)	5,575	-	6,022	-
1310	Inventories (Notes 4 and 10)	466,967	10	591,147	14
1470	Other current assets	18,778	-	35,952	1
11XX	Total current assets	<u>1,742,754</u>	<u>38</u>	<u>1,806,309</u>	<u>41</u>
<b>NONCURRENT ASSETS</b>					
1517	Financial assets at fair value through other comprehensive income – Noncurrent (Note 4 and 11)	253,646	6	279,076	6
1550	Investments accounted for using equity method (Note 4 and 13)	258,537	6	252,422	6
1600	Property, plant and equipment (Notes 4, 14, 26, 27 and 28)	2,083,751	46	1,823,602	42
1755	Right-of-use assets (Notes 4 and 15)	25,551	1	27,268	1
1760	Investment properties (Note 4 and 16)	-	-	9,955	-
1780	Intangible assets (Notes 4)	38,649	1	42,277	1
1840	Deferred income tax assets (Notes 4 and 22)	18,479	-	37,536	1
1915	Prepayment for equipment	99,162	2	84,091	2
1975	Net defined benefit asset – Noncurrent (Note 4 and 19)	2,724	-	-	-
1990	Other noncurrent assets	3,371	-	5,214	-
15XX	Total noncurrent assets	<u>2,783,870</u>	<u>62</u>	<u>2,561,441</u>	<u>59</u>
1XXX	TOTAL	<u>\$ 4,526,624</u>	<u>100</u>	<u>\$ 4,367,750</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term loans (Note 17)	\$ 410,000	9	\$ 260,000	6
2110	Short-term bills payable (Note 17)	380,000	8	380,000	9
2170	Notes and accounts payables to unrelated parties	183,583	4	284,702	7
2180	Notes and accounts payables to related parties (Note 26)	19,150	-	32,355	1
2219	Other payables (Notes 18)	118,878	3	131,792	3
2220	Payables to equipment suppliers	6,086	-	-	-
2230	Current tax liabilities (Notes 4 and 22)	31,372	1	9,631	-
2280	Lease liabilities – Current (Note 4 and 15)	1,215	-	1,589	-
2313	Deferred income (Note 4 and 17)	2,643	-	2,286	-
2320	Long-term loans - current portion (Note 17 and 27)	136,859	3	49,529	1
2399	Other current liabilities	24,060	1	41,608	1
21XX	Total current liabilities	<u>1,313,846</u>	<u>29</u>	<u>1,193,492</u>	<u>28</u>
<b>NONCURRENT LIABILITIES</b>					
2540	Long-term loans (Note 17 and 27)	530,345	12	543,194	13
2570	Deferred income tax liabilities (Notes 4 and 22)	41,422	1	49,964	1
2580	Lease liabilities – Noncurrent (Note 4 and 15)	2,136	-	3,030	-
2630	Long-term deferred income (Note 4 and 17)	17,005	-	16,606	-
2640	Net defined benefit liabilities – Noncurrent (Note 4 and 19)	1,279	-	10,047	-
2645	Guarantee deposits	104	-	103	-
25XX	Total noncurrent liabilities	<u>592,291</u>	<u>13</u>	<u>622,944</u>	<u>14</u>
2XXX	Total liabilities	<u>1,906,137</u>	<u>42</u>	<u>1,816,436</u>	<u>42</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>					
3110	Capital stock	1,090,938	24	1,090,938	25
3200	Capital surplus	270,775	6	314,412	7
Retained earnings					
3310	Legal reserve	312,197	7	296,058	7
3320	Special reserve	16,972	-	19,870	-
3350	Unappropriated earnings	793,700	18	703,769	16
3400	Other equity	121,461	3	113,753	3
31XX	Equity attributable to shareholders of the parent	<u>2,606,043</u>	<u>58</u>	<u>2,538,800</u>	<u>58</u>
36XX	NON - CONTROLLING INTERESTS	<u>14,444</u>	<u>-</u>	<u>12,514</u>	<u>-</u>
3XXX	Total equity	<u>2,620,487</u>	<u>58</u>	<u>2,551,314</u>	<u>58</u>
TOTAL		<u>\$ 4,526,624</u>	<u>100</u>	<u>\$ 4,367,750</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated March 8, 2023)

EXCEL CELL ELECTRONIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

		(In Thousands of New Taiwan Dollars, Except Earnings Per Share)			
		2022		2021	
Code		Amount	%	Amount	%
4000	OPERATING REVENUE, NET (Note 4 and 26)	\$ 2,225,595	100	\$ 2,171,042	100
5000	OPERATING COSTS (Notes 10, 21 and 26)	<u>1,808,362</u>	<u>81</u>	<u>1,814,100</u>	<u>83</u>
5900	GROSS PROFIT	<u>417,233</u>	<u>19</u>	<u>356,942</u>	<u>17</u>
	OPERATING EXPENSES (Notes 21)				
6100	Selling and marketing expenses	78,679	4	98,523	4
6200	General and administrative expenses	136,262	6	147,168	7
6300	Research and development expenses	<u>88,510</u>	<u>4</u>	<u>99,539</u>	<u>5</u>
6000	Total operating expenses	<u>303,451</u>	<u>14</u>	<u>345,230</u>	<u>16</u>
6900	PROFIT FROM OPERATIONS	<u>113,782</u>	<u>5</u>	<u>11,712</u>	<u>1</u>
	NON-OPERATING INCOME AND EXPENSES				
7050	Finance costs (Note 17 and 21)	( 16,518 )	( 1 )	( 9,821 )	-
7100	Interest income	2,913	-	1,440	-
7010	Other income (Note 21 and 26)	30,941	2	42,214	2
7190	Gains on disposal of Right-of-use asset (Note 4 and 15)	-	-	185,165	8
7370	Share of profit of associates accounted for using the equity method (Note 4 and 13)	38,396	2	38,141	2
7020	Other gains and losses (Note 21)	<u>52,218</u>	<u>2</u>	( <u>35,189</u> )	( <u>2</u> )
7000	Total non-operating income and expenses	<u>107,950</u>	<u>5</u>	<u>221,950</u>	<u>10</u>
7900	INCOME BEFORE INCOME TAX	221,732	10	233,662	11

(Continued)

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
7950	INCOME TAX EXPENSE (Note 4 and 22)	\$ <u>51,607</u>	<u>2</u>	\$ <u>79,047</u>	<u>4</u>
8200	NET PROFIT FOR THE YEAR	<u>170,125</u>	<u>8</u>	<u>154,615</u>	<u>7</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 4 and 19)	1,269	-	3,033	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	( 20,581 )	( 1 )	84,287	4
8320	Share of the other comprehensive income of associates accounted for using the equity method (Note 4 and 13)	( 15 )	-	81	-
8349	Income tax related to items that will not be reclassified subsequently (Note 22)	( \$ 254 )	-	( \$ 607 )	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations (Note 4)	<u>24,102</u>	<u>1</u>	( <u>6,590</u> )	<u>-</u>
8300	Other comprehensive gain (loss) for the year, net of income tax	<u>4,521</u>	<u>-</u>	<u>80,204</u>	<u>4</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ <u>174,646</u>	<u>8</u>	\$ <u>234,819</u>	<u>11</u>
	NET PROFIT ATTRIBUTABLE TO:				
8610	Shareholders of the Company	\$ 167,822	8	\$ 153,097	7
8620	Non-controlling interests	<u>2,303</u>	<u>-</u>	<u>1,518</u>	<u>-</u>
8600		\$ <u>170,125</u>	<u>8</u>	\$ <u>154,615</u>	<u>7</u>

(Continued)

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the Company	\$ 171,034	8	\$ 231,870	11
8720	Non-controlling interests	<u>3,612</u>	<u>-</u>	<u>2,949</u>	<u>-</u>
8700		<u>\$ 174,646</u>	<u>8</u>	<u>\$ 234,819</u>	<u>11</u>
	EARNINGS PER SHARE (Note 23)				
9750	Basic	<u>\$ 1.54</u>		<u>\$ 1.40</u>	
9850	Diluted	<u>\$ 1.53</u>		<u>\$ 1.40</u>	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated March 8, 2023)

EXCEL CELL ELECTRONIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		Equity Attributable to Shareholders of the Parent					Other Equity		Total	Non-Controlling Interests	Total Equity
		Share Capital (Note 20)	Capital Surplus (Note 20)	Retained Earnings (Note 20)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
				Legal Reserve	Special Reserve	Unappropriated Earnings					
A1	BALANCE AT JANUARY 1, 2021	\$ 1,090,938	\$ 340,448	\$ 288,567	\$ 25,070	\$ 582,602	(\$ 41,222)	\$ 79,291	\$ 2,365,694	\$ 15,686	\$ 2,381,380
B1	Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	-	-
B5	Legal reserve	-	-	7,491	-	(7,491)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(32,728)	-	-	(32,728)	-	(32,728)
B17	Reversal of special reserve	-	-	-	(5,200)	5,200	-	-	-	-	-
C15	Capital Surplus distribute to Cash dividends	-	(43,638)	-	-	-	-	-	(43,638)	-	(43,638)
D1	Net profit for the year ended December 31, 2021	-	-	-	-	153,097	-	-	153,097	1,518	154,615
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	2,469	(6,590)	82,894	78,773	1,431	80,204
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	155,566	(6,590)	82,894	231,870	2,949	234,819
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(1,317)	(1,317)
O1	Capital reduction of subsidiaries	-	-	-	-	-	-	-	-	(4,804)	(4,804)
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	620	-	(620)	-	-	-
C7	Changes in equity of subsidiaries associates accounted for using equity method	-	17,602	-	-	-	-	-	17,602	-	17,602
Z1	BALANCE AT DECEMBER 31, 2021	1,090,938	314,412	296,058	19,870	703,769	(47,812)	161,565	2,538,800	12,514	2,551,314
B1	Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	-	-
B5	Legal reserve	-	-	16,139	-	(16,139)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(65,456)	-	-	(65,456)	-	(65,456)
B17	Reversal of special reserve	-	-	-	(2,898)	2,898	-	-	-	-	-
C15	Capital Surplus distribute to Cash dividends	-	(43,637)	-	-	-	-	-	(43,637)	-	(43,637)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	167,822	-	-	167,822	2,303	170,125
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	971	24,102	(21,861)	3,212	1,309	4,521
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	168,793	24,102	(21,861)	171,034	3,612	174,646
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(1,682)	(1,682)
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(165)	-	5,467	5,302	-	5,302
Z1	BALANCE AT DECEMBER 31, 2022	\$ 1,090,938	\$ 270,775	\$ 312,197	\$ 16,972	\$ 793,700	(\$ 23,710)	\$ 145,171	\$ 2,606,043	\$ 14,444	\$ 2,620,487

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated March 8, 2023)

EXCEL CELL ELECTRONIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 221,732	\$ 233,662
A20010	Adjustments for:		
A20100	Depreciation expense	147,127	133,720
A20200	Amortization expense	9,585	6,507
A20300	Expected credit losses recognized (reversal)	( 127 )	38
A20400	Net profit of financial instruments at fair value through profit or loss	3,497	( 561 )
A20900	Finance costs	16,518	9,821
A21200	Interest income	( 2,913 )	( 1,440 )
A21300	Dividend income	( 14,656 )	( 12,050 )
A22300	Share of profit of associates accounted for under equity method	( 38,396 )	( 38,141 )
A22500	Loss (gain) on disposal of property, plant and equipment, net	( 1,408 )	5,747
A22700	Loss (gain) on disposal of property, plant and equipment, net	( 10,626 )	-
A23200	Loss on disposal of investments accounted for using equity method	-	2,768
A23700	Allowance for inventory valuation and obsolescence loss	13,714	25,963
A24100	Net unrealized loss on foreign currency exchange	10,456	54
A29900	Gain on disposal of right-of-use assets	-	( 185,165 )
A29900	Deferred Income	( 1,950 )	( 1,601 )
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	27,028	( 27,152 )
A31150	Accounts receivable	63,857	( 63,878 )
A31180	Other receivables	( 1,856 )	( 2,093 )
A31200	Inventories	115,066	( 293,066 )
A31240	Other current assets	14,541	13,248
A32150	Notes and accounts payable	( 113,422 )	111,630
A32180	Other payables	( 6,960 )	( 30,216 )
A32230	Other current liabilities	( 17,548 )	3,014
A32240	Net defined benefit plan	( 10,238 )	( 1,647 )
A33000	Cash generated from (used in) operations	423,021	( 110,838 )
A33100	Interest received	2,913	1,440
A33200	Dividends received	47,216	26,289

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Code		2022	2021
A33300	Interest paid	(\$ 16,518)	(\$ 9,821)
A33400	Dividends paid	( 109,093)	( 76,366)
A33500	Income tax paid	( 17,787)	( 28,593)
AAAA	Net cash generated from (used in) operating activities	<u>329,752</u>	<u>( 197,889)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
B00010	Purchase of financial assets at fair value through other comprehensive	-	( 4,769)
B00020	Disposal of financial assets at fair value through other comprehensive	10,068	4,617
B00030	Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	83	5,202
B00040	Purchase of financial assets at amortized cost	-	( 59,188)
B00050	Disposal of financial assets at amortized cost	34,898	6,803
B00100	Purchase of financial assets at fair value through profit or loss	( 44,480)	( 14,033)
B00200	Disposal of financial assets at fair value through profit or loss	56,846	59,730
B01800	Purchase of investments accounted for using the equity method	-	( 70,290)
B02700	Payments for property, plant and equipment	( 306,567)	( 266,180)
B02800	Proceeds from disposal of property, plant and equipment	49,342	34,450
B03800	Refundable deposits paid (refunded)	( 630)	1,483
B04500	Payments for intangible assets	( 4,736)	( 3,632)
B05500	Proceeds from disposal of investment property	20,453	-
B06700	Decrease (Increase) in other noncurrent assets	1,253	( 1,483)
B07100	Increase in prepayments for equipment	( 156,948)	( 149,644)
B05350	Disposal of right-of-use assets	<u>-</u>	<u>188,311</u>
BBBB	Net cash used in investing activities	<u>( 340,418)</u>	<u>( 268,623)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
C00200	Increase (decrease) in short-term loans	150,000	( 1,318)
C00500	Increase in short-term bills payable	-	30,000
C01600	Proceeds from long-term loans	125,727	157,698
C01700	Repayment of long-term loans	( 52,224)	-
C03100	Increase (Decrease) in guarantee deposits received	1	( 776)
C04020	Repayment of the principal portion of lease liabilities	( 1,673)	( 1,800)
C05800	Change in non-controlling interests	<u>( 1,682)</u>	<u>( 6,121)</u>
CCCC	Net cash generated from financing activities	<u>220,149</u>	<u>177,683</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>13,662</u>	<u>( 4,319)</u>

(Continued)



(Continued)

<u>Code</u>		<u>2022</u>	<u>2021</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 223,145	( \$ 293,148 )
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>589,751</u>	<u>882,899</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 812,896</u>	<u>\$ 589,751</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated March 8, 2023)

Excel Cell Electronic Co., Ltd.  
The 2022 Statement of Earnings Distribution

Summary			Remark
	Subtotal	Total	
Undistributed earnings at the beginning of the period		622,174,406	
Net income after tax for 2022	167,821,517		
The remeasurement of defined benefit plans recognized in retained earnings	971,661		
Disposal of Investment of Equity Instruments at fair value through other comprehensive income, accumulated income directly transferred to retained earnings	(164,839)		
Reversal of the special reserve for which the TIFRS cumulative translation adjustments were adopted for the first time	2,897,797		
The net income after tax for this period plus the amount of items other than the net income after tax for this period included in this year's undistributed earnings		171,526,136	
Provision for legal reserve		(17,152,614)	
Distributable earnings for this period		776,547,928	
Items to which earnings are distributed			
Shareholder dividends - cash		65,456,285	Dividend per share NT\$ 0.6
Undistributed earnings in the end of the period		711,091,643	

Remark 1: As of March 8, 2023, a total of 109,093,807 shares were issued.

Remark 2: Undistributed earnings for 2022 was prioritized for the distribution of earnings.

Remark 3: Provision and reversal were carried out as per Letter Jing-Guan-Zeng-Fa No. 1090150022 dated March 31, 2021 issued by Financial Supervisory Commission.

Chairman: Liao Pen-Lin

Manager: Liao Pen-Lin

Chief of Accounting Officer: Chiang, Yu-Chang

**Excel Cell Electronic Co., Ltd.**  
**Rules of Procedure for Shareholders Meetings**

- I. Purpose: To establish an excellent governance system for the Company's shareholders' meeting, improve the supervisory function, and strengthen the management function, these Rules are formulated in accordance with the provisions of Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance.
- II. Scope: The rules of procedure for the Company's shareholders' meetings shall be governed by these Rules, unless otherwise stipulated by laws and regulations or the Articles of Incorporation.
- III. Definition of terms: None.
- IV. Contents:
  1. The Company shall, at the venue of the shareholders' meeting, furnish the attending shareholders with an attendance book to sign in, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be counted according to the shares indicated in the sign-in book or the sign-in cards handed in.
  2. Attendance and voting at shareholders' meetings shall be counted based on numbers of shares.
  3. The venue for a shareholders' meeting shall be the Company's premises or a place that is 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.
  4. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or unable to perform the duties as the chair for any reason, the Chairman shall appoint one of the directors to act as the chair. Where the Chairman fails to make such a designation, the directors shall elect from among themselves one person to serve as the chair.
    - 4.1. If a shareholders' meeting is convened by a party with power to convene other than the Chairman, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
  5. The Company may appoint its attorneys, CPAs, or relevant persons retained by it to attend a shareholders' meeting in a non-voting capacity.
  6. The Company shall make an audio and video recording of the entire proceedings of a shareholders' meeting and preserve the recordings, along with the attending shareholders' sign-in book and proxy forms, for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, such materials shall be retained until the conclusion of the litigation. Matters relating to the resolutions by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting, and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes in the preceding paragraph may be prepared and distributed in the form of announcement. The minutes shall be retained for the duration of the existence of the Company.
    - 6.1. 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 (including the number of voting rights), and disclose the number of votes won by each candidate in the event of an election of directors or supervisors.
  7. The chair shall call the meeting to order upon the meeting time. However, when the attending shareholders do not represent a majority of the total number of outstanding 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.
    - 7.1. If attending shareholders still represent less than the required total number of the issued shares, however, attending shareholder represent at least one third of outstanding shares, tentative resolutions may be passed in accordance with Article 175, Paragraph 1 of the Company Act.

- 7.2. When the attending shareholders represent a majority of the total issued shares, the chair may resubmit the tentative resolution for a vote by the meeting pursuant to Article 174 of the Company Act.
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 relevant proposals on the agenda one by one (including extempore motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution by the shareholders' meeting.
- 8.1. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene other than 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 extempore motions). If the chair declares the meeting adjourned in violation of the rules of procedure, the attending shareholders may elect a new chair in accordance with statutory procedures by agreement of a majority of the votes represented by the attending shareholders to continue the meeting.
- 8.2. After the meeting is adjourned, shareholders may not nominate another chair or seek another venue for continuation of the meeting.
- 8.3. Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of the removal of the non-compete clause for the directors, capitalization of earnings, capitalization of legal reserve, dissolution, merger, or demerger of the Company, or any matter under Article 185, Paragraph 1 of the Company Act; Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out and the essential contents explained in the notice of the shareholders' meeting. None of the above matters may be raised by an extempore motion. The main content may be disclosed on the website designated by the competent securities authority or the Company, and the website address shall be stated in the meeting notice.
- 8.4. Where an election of all directors and their inauguration date shall be stated in the notice of the shareholders' meeting, after the completion of the re-election in said meeting, such inauguration date may not be altered by any extempore motion or otherwise in the same meeting.
- 8.5. A shareholder holding 1% or more of the total number of outstanding shares may submit to the Company a proposal for discussion at an annual general meeting of shareholders. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder's proposal in alignment with any circumstance under any subparagraph of paragraph 4 of Article 172-1 of the Company Act may not be included in the meeting agenda by the Board of Directors. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.
9. A shareholder wishing to speak at a shareholders meeting shall first fill out a slip, specifying therein the major points of their speech, shareholder account number (or attendance card number) and account name, and the chair shall determine their order of giving a speech.
- 9.1. A shareholder who submits a speech slip without giving a speech shall be considered as not having given a speech. If the contents of the speech are different from those specified on the slip, the contents of their speech shall prevail.
- 9.2. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
10. Except with the consent of the chair, a shareholder may not speak more than twice on the same

- proposal for ratification, discussion, or resolution, and a single speech may not exceed five minutes; may not speak more than once on the same report, and a single speech may not exceed five minutes. However, if the shareholder's speech violates the rules or exceeds the scope of the proposal, or the proposals or speeches on matters that cannot be brought up by extempore motion or proposals or speeches on matters that are not required to be resolved by the shareholders' meeting as per law, the chair may not allow the speech or have the shareholder stop the speech. .
11. When a juridical person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting. When an institutional shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
  12. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
  13. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting. At the shareholders meeting, the Board of Directors shall explain in the meeting handbook the reasons for any shareholders' proposals not included in the agenda. Where the reasons are explained in the meeting handbook, they are deemed to have been explained to the shareholders' meeting and may not be included in the meeting minutes. For a shareholder proposal that has been included in the agenda, if the proposing shareholder fails to attend in person or by proxy or does not participate in the discussion about the proposal despite attendance in person or by proxy, the chair may set aside the shareholder proposal.
  14. Scrutineers and vote counting personnel for the voting on proposals shall be appointed by the chair, provided that all scrutineers be shareholders of the Company. The results of the voting shall be announced on-site at the meeting and recorded.
  15. When a meeting is in progress, the chair may announce a break based on time considerations.
  16. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. If no objection is voiced after the chair consults the shareholders, a proposal is deemed to be passed, and its effect is the same as voting. A shareholder shall be entitled to one vote for each share held. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting rights represented by them shall not exceed 3% of the total number of the Company's voting shares, otherwise, the portion of excessive voting rights shall not be counted.
    - 16.1. Each shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. When a duplicate proxy form is served, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy form.
    - 16.2. Once a proxy form is received by the Company, if the shareholder wishes to attend the shareholders' meeting in person, a written proxy rescission notice shall be filed with the Company no later than two days prior to the date of the shareholders' meeting, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.
    - 16.3. When the Company holds a shareholders' meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights in writing. The method of exercise shall be specified in the shareholders' meeting notice. A shareholder's exercise of voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived their rights with respect to the extempore motions and amendments to original proposals of that meeting. Therefore, it is advisable for the Company to avoid putting forth extempore motions and amendments to the original proposals.
  17. 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.

18. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting venue, they shall wear an armband, reading "Proctor".
19. These Rules and any amendments thereto shall come into force after being approved by the shareholders' meeting. Matters not specified in these Rules may be decided by the chair.

## Articles of Incorporation of Excel Cell Electronic Co., Ltd.

### Chapter 1 General Provisions

- Article 1 The Company is incorporated in accordance with the Company Act and named 百容電子股份有限公司; its English name is Excel Cell Electronic Co., Ltd.
- Article 2 The scope of the Company's business is as follows:  
I. CC01080 Electronics Components Manufacturing.  
II. CC01090 Manufacture of Batteries and Accumulators.  
III. CE01040 Watches and Clocks Manufacturing.  
IV. CC01110 Computer and Peripheral Equipment Manufacturing.  
V. CB01990 Other Machinery Manufacturing.  
VI. CA02080 Metal Forging.  
VII. CA02990 Other Metal Products Manufacturing.  
VIII. C805050 Industrial Plastic Products Manufacturing.  
IX. F401010 International Trade.  
X. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company is headquartered in Taichung City and may set up branches at home or abroad by the resolution of the Board of Directors.
- Article 4 The announcement methods by the Company shall be handled in accordance with Article 28 of the Company Act.
- Article 4-1 The Company may provide endorsements or guarantees to external entities in accordance with the Company's Operating Procedures for Endorsements and Guarantees.

### Chapter 2 Shares

- Article 5 The Company's total capital is NT\$1.34 billion, which is divided into 134 million shares at NT\$10 per share, which may be issued in tranches. Of said capital, 5.1 million shares are reserved for the conversion of issued employee stock warrants, and the unissued shares may be issued by the Board of Directors depending on the actual needs.
- Article 6 The Company's shares are issued after being signed or sealed by at least three directors and certified by the competent authority or a certifying institution it approves. Regarding the shares issued, The Company may be exempted from printing stock certificates but shall register with the centralized securities depository enterprise.
- Article 7 Unless otherwise stipulated by other laws and regulations, the Company's shareholder service shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.
- Article 8 The Company's registered shares may be transferred by stock holders through endorsement, and the names or tiles of transferees shall be recorded in the stock certificates, while the transferees' names and addresses shall be recorded in the Company's shareholder register as the only means of defense against the Company.
- Article 9 If a stock certificate is lost or damaged, the shareholder shall submit a written application to the Company for reissuance of the stock certificate in accordance with legal procedures.
- Article 10 (Deleted)

Article 11 The Company's book closure period shall be handled in accordance with the Company Act and other applicable laws and regulations.

### **Chapter 3 Shareholders' Meeting**

Article 12 There are general and extraordinary shareholders' meetings. The Board of Directors shall convene the general meeting once per year within six months after the end of each fiscal year, with a notice sent to all shareholders no later than 30 days before the meeting, while an extraordinary meeting may be convened at any time if needed as per law. With shareholders' consent, the meeting notice may be given by electronic means. Prior to the general shareholders' meeting convened, shareholders may submit to the Company proposals for the general shareholders' meeting in accordance with Article 172-1 of the Company Act during the acceptance period announced by the Company.

Article 12-1. The Company may convene the shareholders' meeting by means of visual communication network or other methods promulgated by the central competent authority.

Article 13 Any shareholder who is unable to attend a shareholders' meeting for any reason may appoint a proxy to attend the meeting by presenting a proxy form as per Article 177 of the Company Act. However, shareholders who make proposals pursuant to Article 172-1 of the Company Act shall attend the shareholders' meeting in person or appoint a proxy to participate in the discussion of such proposals.

Article 14 A shareholders' meeting shall be chaired by the Chairman. When the Chairman is absent, the Vice Chairman shall chair the meeting on his behalf. Where the Vice Chairman is absent, the Chairman shall appoint one of the directors to act as the chair. Where the Chairman fails to make such a designation, the directors shall elect from among themselves one person to serve as the chair.

Article 15 A shareholder shall be entitled to one vote per share held, except when the shares are deemed non-voting shares under any of the circumstances under Article 179 of the Company Act.

Article 16 Resolutions at a shareholders' meeting shall, unless otherwise provided in applicable laws and regulations or the Articles of Incorporation, be adopted by a majority vote of the shareholders present, who represent more than half of the total issued shares.

Article 17 Matters relating to the resolutions by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. A summary of the deliberations and their voting results shall be recorded in the meeting minutes, which, along with the attending shareholders' sign-in book and proxy forms, shall be retained at the Company. The meeting minutes in the preceding paragraph may be distributed in the form of announcement.

### **Chapter 4 Board of Directors and Supervisors**

Article 18 The Company shall have nine to eleven directorships on the board. A candidate nomination system shall be adopted for the elections of directors. The shareholders' meeting shall elect such directors from a list of candidates; the term of office is three years, and they may be re-elected.



- Article 18-1 Of the above-mentioned number of directors, the number of independent directors shall not be fewer than three and shall not be fewer than one-fifth of the total number of directorships. A candidate nomination system shall be adopted. The shareholders' meeting shall elect such independent directors from a list of candidates;
- Article 18-2 The method of accepting the nominations for director candidates and making announcements shall be handled in accordance with the Company Act, the Securities and Exchange Act, and applicable laws and regulations. Independent directors and non-independent directors shall be elected together, while the elected candidates shall be counted separately.
- Article 18-3 The Board of Directors shall be delegated to determine directors' remuneration and honoraria based on the degree of their participation in the Company's operations and the value of individuals' contribution, while with reference to the general standards in the industry.
- Article 18-4 The Company may purchase directors liability insurance to reduce the risk of directors being sued by shareholders or other related parties due to performance of duties as required by law. The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors at the soonest board meeting.
- Article 18-5 The Company's Audit Committee is formed by all independent directors as per law. The performance of duties by the Audit Committee and its members and relevant matters shall be handled in accordance with the Securities and Exchange Act and applicable laws and regulations.
- Article 19 When the number of directors falls short by one-third of the total number, the Board of Directors shall convene an extraordinary shareholders' meeting within 60 days to hold a by-election, and new directors shall only hold the position till the end of the term of office of the existing directors.
- Article 19-1 If independent directors are dismissed for any reason, causing the number falls short of that required under Article 18-1, a by-election shall be held at the soonest shareholders' meeting. When the independent directors are dismissed en masse, the Board of Directors shall call an extraordinary shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies. New directors shall only hold the position till the end of the term of office of the existing directors.
- Article 20 When the term of office of the existing directors ends and an election of new directors fails to be held in time, their term shall be extended till new directors take office. However, the competent authority may order the Company to hold an election of new directors prior to a deadline; if the Company fails to follow suit, the directors shall be certainly dismissed after the deadline.
- Article 21 The Board of Directors is formed by all directors. The Chairman and the Vice Chairman are elected with the approval of more than half of the directors present at a board meeting attended by more than two thirds of all directors, and they both handle all the Company's business in accordance with laws, regulations, the Articles of Incorporation, and resolutions adopted by the shareholders' meeting and the Board of Directors.
- Article 22 The Company's business approaches and other important matters shall be carried out by the resolution of the Board of Directors. Except for the first board meeting of each term of the Board of Directors that shall be held in accordance with Article 203 of the Company Act, the remaining board meetings shall be convened and chaired by the Chairman. When the Chairman is unable to perform his duties, the Vice Chairman shall act as the chair on his behalf; if the Vice Chairman is unable to perform his duties for a specific reason, the Chairman shall designate a director

- Article 23 to act as the acting chair; where the Chairman fails to make such a designation, the directors shall elect from among themselves one person to serve as the acting chair. The board meeting notice may be sent in writing or by email or fax no later than seven days before a board meeting. In case of emergency, a board meeting may be convened at any time, and the meeting notice may also be sent in writing or by email or by fax.
- Unless otherwise provided in the Company Act, a board meeting shall be convened with the consent of more than half of all directors present at a board meeting attended by more than half of all directors. If a director is unable to attend the meeting for a specific reason, they shall issue a proxy form, specifying therein the scope of authority with reference to the issues to be discussed at the meeting, to entrust another director to attend the meeting on their behalf; however, each director shall be entrusted by only one director. A director who has a personal interest in the matter under discussion at a meeting, which may impair the Company's interest, shall not vote nor exercise the voting right on behalf of another director. If a director's spouse, relative within the second degree of kinship by blood, or a company with which the director has a controlling and subordinate relation has an interest in a matter discussed in said meeting, the director shall be deemed to have their personal interest involved in the matter.
- Article 24 Matters relating to the resolutions by a board meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each director within 20 days after the conclusion of the meeting. A summary of the deliberations and their voting results shall be recorded in the meeting minutes, which, along with the attending board's sign-in book and proxy forms, shall be retained at the Company.
- Article 25 (Deleted)

## Chapter 5 Managers and Employees

- Article 26 The Company's managers: The Company may appoint one CEO and several presidents and vice presidents for business divisions whose responsibilities shall be determined by the Board of Directors. Their appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.
- Article 27 The Company may hire consultants and important staff by the resolution of the Board of Directors in accordance with Article 23 of the Articles of Incorporation.

## Chapter 6 Accounting

- Article 28 The Board of Directors shall prepare the following documents and submit them to the general shareholders' meeting for ratification as per the procedures required by law:
- I. Business Report.
  - II. Financial Statements.
  - III. A statement of earnings distribution or deficit compensation.
- Article 29 Where the Company makes a profit for a fiscal year, it shall appropriate **no lower than 1%** of the balance for employee remuneration, which shall be distributed in the form of stock or cash by the resolution of the Board of Directors, and the recipients include employees at subsidiaries who meet certain criteria; and appropriate **no higher than 2%** for directors' remuneration. The employee remuneration and directors' remuneration proposal shall be reported to the shareholders' meeting. However, if the Company still has a cumulative deficit, it shall reserve an amount for offsetting the deficit in advance and then appropriate

employee remuneration and directors' remuneration at the percentages in the preceding paragraph.

Article 29-1

The industry to which the Company belongs is highly competitive and ever-changing, and the Company is in a stage of steady growth. To be aligned with the Company's future capital needs, long-term financial plan, and shareholders' needs for cash inflows, if the Company has a profit for a fiscal year as per the annual financial statements, the profit shall be first used for paying the profit-seeking enterprise income tax, offsetting a cumulative deficit, appropriating 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, and then appropriating an amount for or reversing a special reserve in accordance with laws and regulations, and then any remaining profit, together with any undistributed retained earnings from the prior years, as distributable earnings shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution. Among them, cash dividends shall not be lower than 10% of the total shareholder dividends to be paid out, and the percentage may be determined by the Board of Directors depending on the year's profit and capital based on the capital expenditure and business expansion needs.

All or part of the shareholder dividends mentioned in the preceding paragraph, the legal reserve appropriated, or capital surplus provided to pay out cash shall be carried out by the resolution adopted by more than half of all directors present at a board meeting attended by two-thirds or more of all directors as delegated, while being reported to the shareholders' meeting.

Article 29-2

The recipients of the Company's employee treasury shares, employee stock warrants, employee remuneration, new shares subscribed for by employees, and restricted stock awards may include employees at the controlling company or subsidiaries who meet certain criteria.

## **Chapter 7    Supplementary Provisions**

Article 30

The Company's organizational charters and enforcement rules shall be formulated separately by the Board of Directors.

Article 31

The limit on the Company's investment in other businesses is not regulated by Article 13 of the Company Act (the investment shall not exceed 40% of a company's paid-in share capital).

Article 32

Matters not specified in the Articles of Incorporation shall be handled in accordance with the Company Act and other laws and regulations.

Article 33

The Articles of Incorporation was formulated on November 23, 1981.

The 1st amendment was made on May 4, 1982.

The 2nd amendment was made on June 15, 1985.

The 3rd amendment was made on June 9, 1987.

The 4th amendment was made on May 1, 1991.

The 5th amendment was made on October 14, 1994.

The 6th amendment was made on September 6, 1997.

The 7th amendment was made on December 20, 1997.

The 8th amendment was made on May 9, 1998.

The 9th amendment was made on May 15, 1999.

The 10th amendment was made on May 5, 2000.

The 11th amendment was made on April 9, 2001.

The 12th amendment was made on June 20, 2002.

The 13th amendment was made on June 18, 2003.

The 14th amendment was made on January 16, 2004.

The 15th amendment was made on June 10, 2005.

The 16th amendment was made on June 12, 2006.  
The 17th amendment was made on June 10, 2009.  
The 18th amendment was made on June 10, 2010.  
The 19th amendment was made on June 10, 2011.  
The 20th amendment was made on June 13, 2012.  
The 21st amendment was made on June 11, 2013.  
The 22nd amendment was made on June 11, 2015.  
The 23rd amendment was made on June 8, 2016.  
The 24th amendment was made on June 8, 2017.  
The 25th amendment was made on June 10, 2019.  
The 26th amendment was made on July 29, 2021.  
The 27th amendment was made on May 31, 2022.

Excel Cell Electronic Co., Ltd.

Chairman: Liao Pen-Lin

**EXCEL CELL ELECTRONIC CO., LTD.**  
**Shareholdings of Directors**

May 31, 2023

Title	Name	Date elected	Term	Number of shares held when elected		Number of shares currently held	
				Number of shares	Share holding (%)	Number	Share holding (%)
Chairman	Liao Pen-Lin	May 31, 2022	3 years	7,339,548	6.73	7,339,548	6.73
Director	Hsiao Teng-Tang	May 31, 2022	3 years	6,745,729	6.18	6,745,729	6.18
Director	Liao Pen-Tien	May 31, 2022	3 years	1,594,935	1.46	1,594,935	1.46
Director	Liao Yueh-Shiang	May 31, 2022	3 years	1,185,389	1.09	1,185,389	1.09
Director	Hsu, Min-Cheng	May 31, 2022	3 years	30,000	0.03	30,000	0.03
Independent Director	Hsu Ching-Tao	May 31, 2022	3 years	-	-	-	-
Independent Director	Chen Hsiang-Ning	May 31, 2022	3 years	-	-	-	-
Independent Director	Terry Chiang	May 31, 2022	3 years	-	-	-	-
Independent Director	Chiu, Chuan-Tzu	May 31, 2022	3 years	-	-	-	-

## Notes:

- I. The total number of the Company's issued shares is 109,093,807. As per the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the legal minimum number of shares held by all directors should be 8,000,000.
- II. The Company has established the Audit Committee, with the three independent directors serving as the committee members. Therefore, no supervisor is engaged, and the regulation that the number of shares held by supervisors shall not be fewer than a certain percentage does not apply.

## **Details of the Shareholder Written Proposals Not Included in the General Shareholders' Meeting Agenda**

Details of shareholder proposals for this general shareholders' meeting:

- Details:
1. As per Article 172 of the Company Act, each shareholder who holds 1% or more of the total issued shares may submit a written proposal to the Company for the general shareholders' meeting, covering only one issue, without exceeding 300 words.
  2. The period of accepting such proposals for the general shareholders' meeting was from March 27, 2023 through April 6 2023 and has been announced on the MOPS as per law.
  3. The Company does not receive any shareholder proposal.