Stock Code: 2483

Excel Cell Electronic Co., Ltd.

2022 Annual Report

The Company's annual report is available on
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Published on April 2, 2023

I. Name, job title, contact number, and email of the spokesperson and the acting spokesperson:

(I) Spokesperson:
Name: Tsai Ti-Yi
Title: Manager, Finance Department
Tel.: (04)23598668ext. 1272
Email: ：judy@mail.ece.com.tw

(II) Acting spokesperson:
Name: Lin Shu-Chen
Title: Administrator, Finance Department
Tel.: (04)23598668ext. 1251
Email: judy@mail.ece.com.tw

II. Address and telephone number of the headquarters, branches, and factories:

(I) The headquarters:
Address: No. 20, Gongyequ 25th Rd., Nantun District, Taichung City
Tel.: (04)23598668
Fax: (04)36016658

(II) Taipei Office:
Address: 6F-9, No. 1, Wuquan 1st Rd., Xinzhuang District, New Taipei City
Tel.: (02)22996268
Fax: (02)22994795

(III) Factory: Same as the headquarters

III. Name, address, telephone number, and website of the share registrar agency:

(I) Name: SinoPac Securities Corporation
(II) Address: 3F, No. 17, Bo'ai Rd., Zhongzheng District, Taipei City
(III) Tel.: (02)23823321
(IV) Website: http://www.sinotrade.com.tw/

IV. Name of CPAs and name, address, telephone number, and website of the accounting firm for the most recent year's financial statements:

(I) CPAs: Su Ting-Chien and Tai Hsin-Wei
(II) Accounting firm: Deloitte & Touche
(III) Address: 20F, No. 100, Songren Rd., Xinyi District, Taipei City
22-23F, No. 88, Section 1, Huizhong Rd., Xitun District, Taichung City
(IV) Tel.: (02)25459988
(V) Website: http://www.deloitte.com.tw

V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Company website: https://www.ece.com.tw/zh-tw/

Table of Contents

One. Letter to Shareholders

I. Business plan implementation results during 2022

(I) Business plan implementation results:

In 2022, the Company benefited from the market expansion driven by technological innovations such as 5G, AI, and high-performance computing, as well as the steady increase in semiconductor content in end-use products such as automotive and Internet of Things (IoT). Compared with 2021, the Company's consolidated operating income increased by $54,553 thousand to $2,225,595 thousand in 2022. The Company's consolidated gross margin increased by 2% to 19%, compared to the same period last year, the consolidated operating margin increased by $60,291 thousand and the consolidated operating expenses decreased by $41,779 thousand. The consolidated net operating income for 2022 was $113,782 thousand, an increase of $102,070 thousand from 2021.

The Company’s non-operating income reached $107,950 thousand, mainly due to the foreign exchange net of $45,693 thousand; the share of the profit of the affiliates recognized using the equity method $38,396 thousand; dividend revenue $14,656 thousand, other gains $16,285 thousand; gain on disposal of fixed assets $10,626 thousand; financial costs $16,518 thousand; the 2022 net profit after tax $170.125 thousand; the net profit attributable to the owners of the Company NT$167,822 thousand, and the earnings per share NT$1.54.

(II) Budget implementation: It is not applicable as the Company did not publish financial forecast for 2023.

(III) Revenue and expenditure and profitability analysis

1. Financial position:

Unit: NT$ thousand

Account title	2022	2020
Operating revenue	2,225,595	1,780,115
Operation gross profit	417,233	375,717
Operating expenses	303,451	352,712
Operating income	113,782	23,005
Net income for this period	170,125	84,148
Net income attributable to		
Owners of the Company	167,822	83,272
Non-controlling interests	2,303	876

2. Profitability analysis:

Item		2022	2020
Gross profit margin (%)		19	21
Return on assets (%)		4.12	2.42
Return on shareholders’ equity (%)		6.58	3.50
As a percentage of paid-in capital (%)	Operating income	10.43	2.11
	Income before tax	20.32	8.30
Net profit margin (%)		7.64	4.73
Earnings per share (NTD)		1.54	0.76

(IV) Status of R&D

1. Lead Frame for Semiconductor Industry
   (1) New specification of high density lead frame has been approved by the customer and mass production has started.
   (2) Automotive power module lead frame has been approved by the customers and are in trial production.
   (3) New specifications for automotive high power lead frame has been approved by our customers.
2. Electronic components
   (1) Introduction to the production of rotary switches, terminal blocks, industrial control switches, and trigger switches for AI industry/automotive/lighting/industrial electronics/power hand tool applications.
   (2) Introduction to the production of patented terminal blocks for quick connect terminals for industrial electrical and mechanical equipment applications.
   (3) Safety certification of emergency stop switch of 16mm specification series approved and sent samples to the customers.
   (4) Industrial control switch and miniaturized switch blade series product under design verification.
   (5) Mass production of electric hand tool trigger switch (mechanical) series products.
   (6) Self-made relay testing equipment, which has been put into use, and on the basis of the existing, increase the AC (AC) relay testing function, to achieve the goal of independent research and development.
   (7) Purchased other specifications of relay whole line automatic production equipment, which has been put into use, and purchased the second automatic line of GQ relay, which has been adjusted in the factory. We are continuing to add 2 sets of other types of automatic lines to increase production capacity, and have entered the trial and acceptance stage.
   (8) Introduced 3D high magnification digital microscope to strengthen R&D and analysis capability.
3. Stepping motors
   (1) Medical motor module development: Syringe motor module samples have been verified by customers, and blood pressure meter motor has entered the trial production stage.
   (2) Automotive and commercial expansion valve development: pilot production verification has been conducted.
   (3) HB type servo stepping motor development: applied to automatic equipment motor and circuit and control program development has entered the real machine testing stage.

II. Summary of this year's business plan

The Company formulated the **2023** business plan; the details are as follows:

(I) Business approaches:

1. Adopt innovative measures, such as lean manufacturing, an SPC(Statistical process control) quality management, and strategic marketing.
2. Conduct effective preventive management and trend management through data analysis.
3. Share and integrate resources of subsidiaries within the Group.
4. Expand the development of lead frames for semiconductor devices, develop new customers in Europe and the U.S. market; expand automotive electronic components; develop high-end application products and smart/green energy products in the market.
5. Electronic components: Accelerate product development for environmental protection and green energy, electric vehicles, and smart home control applications to maintain global competitiveness.
6. Expansion of motor manufacturing technology application products: automotive expansion valve coils, solenoid valves, valve actuators, valve linear stepping motor actuators.

(II) Estimated sales and the basis:

We assessed the future production capacity of our production lines based on the business cycle and the information on clients' product development and will accelerate the expansion and promotion of our main products in the future. The annual sales volume of the main products estimated by the Group for 2023 is as follows:

Unit: In thousands of pieces

Item	Sales quantity
Semiconductor	20,265,556
Electronic components	93,235
Electromechanical relays	12,716
Stepping motors	6,849

(III) Important production and sales policy

1. Adopt automated robotic arms to meet precise control and positioning requirements and increase the production capacity of automated equipment.
2. Adopt a high-resolution CCD vision system, which is applied to the important process of electromechanical relays to increase production quality.
3. Adopt trend management for the quality assurance system, to ensure duly implementation of quality inspection.
4. Adopt industry 4.0 smart manufacturing to conduct production management properly by means of various trend analyses.
5. Establish an automated production lines for relays.

III. Future development strategy

(I) Lead Frame for Semiconductor Industry:

From the U.S.-China trade to the development of the COVID-19 pandemic, the global semiconductor supply chain has undergone tremendous changes, and the diversification of supply risks has been the goal of every IDM factory; The Company is also actively pursuing opportunities to enter new supply chains and develop new markets to avoid the risk of over-concentration of customer base, which is the strategic goal of our company's sustainable development.

(II) Electronic components:

Continue to pay close attention to the impact of the unsealing of the COVID-19 pandemic and the subsequent development of the China-US trade conflict on the global economy and electronics industries, integrate production sites in China and Taiwan, 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.

(III) Stepping motors:

1. Expand the motor types, such as linear motors, robotic arm motors, and HB stepping motors.
2. Expand motor manufacturing technology applications, such as automotive expansion valve coils, solenoid valves, damper actuators, and linear stepper motor actuators for valves.
3. New market development: Expand business in Europe, the United States, Russia, and Japan.

IV. Impact of the external competitive environment, regulatory environment, and overall business environment

(I) Impact of the external competition environment

Global semiconductor sales reached US$580.1 billion in 2022, benefiting from the continued expansion of the market driven by technological innovations such as 5G, AI and high-performance computing, as well as the steady increase in semiconductor content in end-use products such as automotive and Internet of Things (IoT). However, due to the sluggish pattern of global consumption, customer inventories remain high and difficult to be removed smoothly, thus slowing down the momentum of pulling goods, thus the annual growth rate is likely to slow down to 4.4%.

(II) Impact of laws and regulations

In response to the changes in the environment, each government around the world has constantly launched new laws and regulations on taxation, environmental protection, investment, and labor. The Company keeps abreast of the changes in laws and regulations in various regions where investments are made at any time, to make the best adjustments and arrangements in response to changes in the regions and regional laws and regulations.

(III) Impact on the overall business environment

Looking to the future, although emerging markets such as 5G, Internet of Things (IoT), and AI are still growing steadily, which will help customers maintain a solid momentum procurement, not to mention that Taiwan still maintains its global leading position in terms of technological innovation and production capacity scale; However, as the war between Russia and Ukraine continues to spread, and as the global inflationary pressure remains high, the overall global economic performance continues to be weak and is not expected to be fully resolved in the first half of 2023. As a result, sales of end products may not be able to recover and customers will continue to make inventory adjustments. Hence, it is expected that the industry will show a slight downward trend in the first half of 2023.

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.

I wish you good health and all the best.

Excel Cell Electronic Co., Ltd.
Chairman: Liao Pen-Lin

Two. Company in General

I. Date of Incorporation

December 8, 1981

II. Brief account of the Company:

December 1981	Formally established Excel Cell Electronic Co., Ltd. at No. 135, Section 2, Liming Road, Taichung City, with a capital of NT$3 million; the major product in the initial period was button cell batteries.
September 1983	Established a Taipei Liaison Office to be responsible for domestic sales.
June 1985	Increase the capital to NT$6 million.
October 1986	Purchased a piece of land at No. 20, Gongyequ 25th Rd., Taichung City
March 1987	Purchased a factory at No. 28-1, Gongyequ 23rd Road, Taichung City.
June 1988	Increase the capital to NT$21 million.
July	Relocated to No. 28-1, Gongyequ 23rd Road, Taichung City.
May 1991	Increase the capital to NT$100 million.
October	Purchased an office at 6F-9, Wuquan 1st Road, Xinzhuang City, Taipei County, and moved the Taipei Liaison Office to this location.
October 1992	The new factory at No. 20, Gongyequ 25th Rd., Taichung City, was formally put into operation.
December 1993	President Mr. Liao Pen-Lin was named the 16th Young Entrepreneur Model of the Republic of China.
November 1994	Increase the capital to NT$150 million.
November 1995	Passed LRQA ISO 9001: 1994 certification.
April 1996	Founded Excel Cell Electronic (USA) Corp.
July	Added a production line for the connector ECT series.
December	Celebrated the 15th anniversary of the establishment of the Company.
March 1997	Completed the development of solid state relay ESR series.
April	Expanded the automated production equipment, the ETB automated assembly machines.
June	Completed a new dormitory building.
July	Revenue reached NT$36 million, hitting a record high.
August	Completed the research and development (R&D) of connector (USB connector), ESB series. Completed the R&D of line sense relay, EMR 18 series. Revenue reached NT$38 million, hitting a record high.
September	Filed an application for retroactive public offering Completed the R&D of terminal blocks ETB 06, 08, and 09 (3.5 pitch); ETB 30, 31, 32, and 36 (3.81 pitch); ETB 33, 34, and 35 (5.08 pitch).
October	Approved by the Financial Supervisory Commission (FSC) for the public offering of shares.
November	Increased the capital to NT$245 million.
December	Revenue reached NT$44 million, hitting a record high. The revenue for 1997 hit a record high.
January 1998	Implemented a five-day-work-week mechanism every other week.
March	Applied for the consultation service for listing the stock on Taipei Exchange for trading.
June	Increased the capital to NT$318.5 million.
October	Completed the R&D of the tri-state DIP switch ETA 2POLE.
November	Completed the R&D of solid-state relay (high-current type) ESR.
December	Completed the R&D of slide switch (2.54m/m single pole 2 position type) ESP

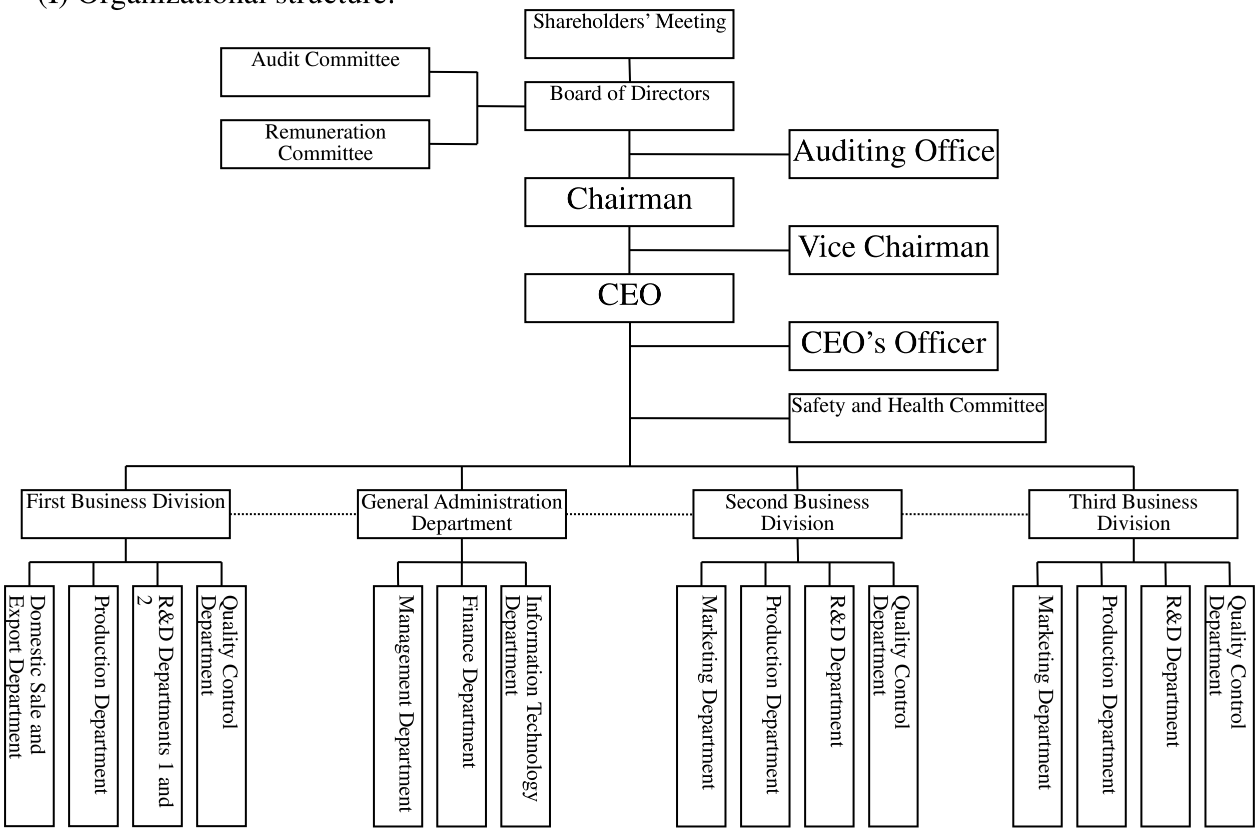
June 1999	Increased the capital to NT$414.05 million.
October	The monthly sales volume exceeded 61 million pieces.
April 2000	The Board of Directors issued 5 million registered ordinary shares through a cash capital increase.
May 2000	The capital amounted to NT$589.675 million after a cash capital increase.
June 2000	Certified by the ISO 14001 standard.
August 2001	The capital amounted to NT$789.53875 million after a cash capital increase.
October 2002	The capital amounted to NT$840.3447 million after a cash capital increase. Certified by the LRQA ISO 9000: 2000 standard.
March 2003	Made an indirect investment in the Suzhou Plant in China.
October	The capital amounted to NT$840.3447 million after a cash capital increase.
June 2004	Issued new shares to acquire and merge Jumao Gaoqiang Technology Co., Ltd.
September	The capital amounted to NT$1.17941807 billion after a cash capital increase.
December 2004	Established Good Sky Electric Co., Ltd.
March 2005	Made an indirect investment in Good Sky Relay (Shenzhen) Co., Ltd.
July 2005	The second business division passed the TUV ISO/TS 16949 certification.
November	The Group's monthly revenue reached US$5.46 million.
April 2006	Completed the establishment of a new plant in Suzhou.
August 2006	Obtained the operations headquarters certificate.
August 2007	Chairman Liao Pen-Lin served as the director of the Taiwan Reading and Culture Foundation.
February 2008	The first business division passed the LRQA ISO/TS16949: 2002 certification.
April 2008	Held an unveiling ceremony for the Philanthropic Library of Jian Hua Elementary School in Yunlin County.
June 2008	The second business division passed the LRQA ISO/TS16949: 2002 certification.
August 2009	Pass the Taiwan Occupational Safety and Health Management Systems (TOSHMS: 2007) certification
November 2009	Obtained the Badge of Accredited Healthy Workplace - Health Promotion from the Health Promotion Administration, Ministry of Health and Welfare, Executive Yuan.
2011	Chairman Liao Pen-Lin served as the President of the Distinguished Citizens Society of R.O.C.
August 2011	Held an unveiling ceremony for the Philanthropic Library of Taichung Longjing Elementary School in Taichung City.
January 2013	Pass the Occupational Safety and Health Management Systems (CNS15506: 2011) certification.
October 2013	Held an unveiling ceremony for the Philanthropic Library of Minhe Elementary School in Chiayi County.
March 2014	Chairman Liao Pen-Lin served as the deputy head of the Entrepreneur Club.
March 2015	Chairman Liao Pen-Lin served as the head of the Entrepreneur Club.
November 2015	Launched the Philanthropic Library of Tainan Beimen Elementary School.
March 2016	The Suzhou Plant passed ISO/TS16949:2009 certification.

March 2017	Acquired a building at No. 133, Gongyequ 1st Road, Xitun District, Taichung City, and properties at land lots 0229-0000 and 0230-0000 in Xiehe Section.
April 2017	Implemented the Multicultural Philanthropic Library Project of the Philanthropic Library of Sikou Elementary School in Chiayi.
June 2017	Implemented the Philanthropic Library Program of Erlun Elementary School in Yunlin County.
December 2017	Acquired the equity in Neocene. Technology Co., Ltd.
January 2018	Implemented the Philanthropic Library's Project on Discovery of Talent to Unleash Children's Potential.
March 2018	Launched the Philanthropic Library of Baozhong Elementary School in Yunlin County.
June 2018	Established Excel Cell Industry College with National Hu-wei University of Science and Technology.
July 2018	Established Excel Cell Electronic Anhui Co., Ltd.
September 2018	Sponsored a Philanthropic Library's charity concert.
April 2019	Made a donation to Shitan Junior High School's Multicultural Library launched by the Taiwan Reading and Culture Foundation.
August 2019	Sponsored a Philanthropic Library's charity concert.
August 2019	The Action Plan for Overseas Taiwanese Businesses to Return to Invest in Taiwan in the amount of NT$2.178 billion was approved by the Ministry of Economic Affairs.
March 2020	Made a donation to Huxi Township Huxi Elementary School's Multicultural Library launched by the Taiwan Reading and Culture Foundation.
March 2020	Sponsored the Philanthropic Library Program's 2020 Project on the Discovery of Talent to Unleash Children's Potential.
April 2020	Made a donation to Zun Du Elementary School's Multicultural Library launched by the Taiwan Reading and Culture Foundation.
June 2020	Completed the establishment of Excel Cell Anhui's phase 1 plant and began mass production.
July 2020	Made a donation to the establishment of Taichung Municipal Nan-Tun Elementary School's Digital Philanthropic Library launched by the Taiwan Reading and Culture Foundation.
July 2020	Merged Neocene. Technology Co., Ltd. to establish the third business division.
August 2020	Sponsored the Taiwan Reading and Culture Foundation's 2020 charity concert.
November 2020	Made a donation to National Hu-wei University of Science and Technology's Spread Your Wings Program.
March 2021	Launched the Philanthropic Library of Jiuru Elementary School in Kaohsiung City.
November 2022	Launched the Philanthropic Library of Jhuhou Elementary School in Kaohsiung City.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure:



(II) Main business of each major department:

Department	Main business
First Business Division	Responsible for the sales of DIP switches, connectors, relays, and terminal blocks.
Second Business Division	Responsible for the sales of Lead Frame for Semiconductor Industry, LED lead frames, and heat sinks; the development and manufacturing of precision molds.
Third Business Division	Responsible for the production and sales of stepping motors and the stamping of various metals.
General Administration Department	Functioning as the department serving the Finance Department, the Management Department, and the Information Technology Department.
Marketing Department	Responsible for the Company's business promotion and execution, product marketing, and response to clients' complaints.
Finance Department	Responsible for the Company's financial planning, capital movement, cost control, accounting treatment, etc.
R&D Department	Responsible for the development and design of the Company's products and production equipment and technologies.
Quality Control Department	Responsible for the Company's quality control, quality assurance, and document management.
Production Department	Responsible for the manufacturing and processing of the Company's products, production scheduling, production planning, production equipment maintenance, etc.
Information Technology Department	Responsible for the Company's information system planning, evaluation, adoption, testing, maintenance, etc.
Management Department	Responsible for handling the Company's parts procurement, personnel, general affairs, etc.
CEO's Officer	Responsible for supervising and planning of the tasks and research projects assigned by the CEO and providing analysis data as the basis for the business decision-making process.
Auditing Office	Responsible for auditing the administrative, sales, financial, and management business.
Safety and Health Committee	Responsible for promoting the environment, safety, and health concept, maintaining environmental quality, and ensuring employee safety and health.
Audit Committee	Responsible for assisting the Board of Directors in supervising the Company's quality and integrity in the implementation of accounting, auditing, financial reporting processes and control measures when the board is performing duties.
Remuneration Committee	Responsible for assisting the Board of Directors in implementing and evaluating the Company's overall remuneration and benefit policies as well as the remuneration to directors and managers.

II. Information on directors, supervisors, the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

(I) Information on directors:

April 2, 2023; Unit: Share; %; NT$ thousand

Title	Nationality or place of incorporation	Name	Gender/ Age	Date elected	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remark
							Number	Shareholding (%)	Number	Shareholding (%)	Number	Shareholding (%)	Number	Percentage of Shareholding			Title	Name	Relationship	
Chairman	Taiwan	Liao Pen-Lin	Male 71-75	2022.05.31	3 years	1999.05.15	7,339,548	6.73	7,339,548	6.73	3,642,450	3.34	-	-	Master's from Tulane University	Director of KS Terminals, Inc. Director of Siward Crystal Technology Co., Ltd., Director of P-Duke Technology Co., Ltd., Director of Securitag Assembly Group Co., Ltd., Director of Fuzetec Technology Co., Ltd. Chairman of Good Sky Electric Co., Ltd. Chairman of Pacer Technology Co., Ltd.	Director Director	Liao Pen-Tien Liao Yueh-Shiang	Brothers Brother and sister	Note 1
Director	Taiwan	Hsiao Teng-Tang	Male 71-75	2022.05.31	3 years	1999.05.15	6,745,729	6.18	6,745,729	6.18	4,206,001	3.86	-	-	Master's from Tunghai University	Supervisor of Good Sky Electric Co., Ltd. Supervisor of Pacer Technology Co., Ltd.	None	N/A	N/A	
Director	Taiwan	Liao Pen-Tien	Male 66-70	2022.05.31	3 years	1999.05.15	1,594,935	1.46	1,594,935	1.46	190,117	0.17	-	-	China University of Science and Technology	Director of Good Sky Electric Co., Ltd.	Director Director	Liao Pen-Lin Liao Yueh-Shiang	Brothers Brother and sister	
Director	Taiwan	Hsu Min-Cheng	Male 56-60	2022.05.31	3 years	2007.06.11	30,000-	-	30,000	0.03	-	-	-	-	Master's from Tulane University	Director of Good Sky Electric Co., Ltd.	None	N/A	N/A	
Director	Taiwan	Liao Yueh-Shiang	Female 61-65	2022.05.31	3 years	2007.06.11	1,185,389	0.94	1,185,389	1.09	508,644	0.47	-	-	Ling Tung University	Director of P-Duke Technology Co., Ltd. Director of Max Echo Technology Corp. Director of Good Sky Electric Co., Ltd. Director of Pacer Technology Co., Ltd.	Director Director	Liao Pen-Lin Liao Pen-Tien	Brother and sister Brother and sister	
Independent Director	Taiwan	Hsu Ching-Tao	Male 56-60	2022.05.31	3 years	2016.06.08	-	-	-	-	150,000	0.14	-	-	National Chung Hsing University Master's from Management	Independent director of Cayman Engley Industrial Co., Ltd. Independent director of Max Echo Technology Corp.	None	N/A	None	
Independent Director	Taiwan	Chen Hsiang-Ning	Female 61-65	2022.05.31	3 years	2019.06.10	-	-	-	-	-	-	-	-	Executive Master's from Business Administration, Guanghua School of Management, Peking University	-	None	N/A	None	
Independent Director	Taiwan	Terry Chiang	Male 56-60	2022.05.31	3 years	2016.06.08	-	-	-	-	-	-	-	-	Master's from Electrical Engineering, University of Southern California	Director of Securitag Assembly Group Co., Ltd. Director of Siward Crystal Technology Co., Ltd.	None	N/A	None	
Independent Director	Taiwan	Chiu Chuan-Tzu	Female 51-55	2022.05.31	3 years	2022.05.31									Doctor 's from Business Administration	None	None	N/A	None	

Title	Nationality or place of incorporation	Name	Gender/ Age	Date elected	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remark
							Number	Shareholding (%)	Number	Shareholding (%)	Number	Shareholding (%)	Number	Percentage of Shareholding			Title	Name	Relationship	
															from Princeton University					

Note 1: Where the Chairman and the President or person in an equivalent position (top-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and countermeasures shall be disclosed (e.g., increasing the number of independent directors on the board or having more than half of the directors who are not employees or managers concurrently):

(1) Reasons, reasonableness, and necessity: Chairman Liao Pen-Lin, serves as the President of Company concurrently. The Company's operating segments include Lead Frame for Semiconductor Industry, electronic components, and stepping motors, and the industry situations and development trends are different. Each operating segment has set up the president of each business division. However, the Group's overall development strategy and resource integration still depends on the Chairman's coordination. (2) Countermeasures: It is planned to increase the number of independent directors in the election of directors in June 2022.

(2) In response to the measures: On 2022.05.31, the Board of Directors was re-elected and one independent director was added, making a total of four independent directors.

1. Name of shareholders each holding 10% or more of the total issued shares or in the list of the top ten shareholders if directors are institutional shareholders:
2. Name of shareholders each holding 10% or more of the total issued shares or in the list of the top ten shareholders if directors are juridical persons:
3. Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Criteria / Name	Professional qualifications and experience		Independence criteria	Number of other public companies where the individual serves as an independent director concurrently
Liao Pen-Lin	Master's from Tulane University	Director of K.S. Terminals Inc. Director of Siward Crystal Technology Co., Ltd. Director of P-Duke Technology Co., Ltd. Director of Securitag Assembly Group Co., Ltd. Director of Fuzetec Technology Co., Ltd. Chairman of Good Sky Electric Co., Ltd. Chairman of Pacer Technology Co., Ltd.	None	None
Hsiao Teng-Tang	Master's from Tunghai University	Supervisor of Pacer Technology Co., Ltd.	None	None
Liao Yueh-Shiang	Ling Tung University	Director of P-Duke Technology Co., Ltd. Director of Max Echo Technology Corp. Director of Good Sky Electric Co., Ltd. Director of Pacer Technology Co., Ltd.	None	None
Liao Pen-Tien	China University of Science and Technology	Supervisor of Good Sky Electric Co., Ltd.	None	None
Hsu Min-Cheng	Master's from Tulane University	Director of Good Sky Electric Co., Ltd.	None	None

Name \ Criteria	Professional qualifications and experience		Independence criteria	Number of other public companies where the individual serves as an independent director concurrently
Hsu Ching-Tao	Master's from Management, National Chung Hsing University	Senior Manager of President Securities Corporation	Aligned with Note 1	Independent director of Cayman Engley Industrial Co., Ltd.
Terry Chiang	Master's from Electrical Engineering, University of Southern California	President of Securitag Assembly Group Co., Ltd. Director of Securitag Assembly Group Co., Ltd. Director of Siward Crystal Technology Co., Ltd.	Aligned with Note 1	None
Chen Hsiang-Ning	Executive Master's from Business Administration, Guanghua School of Management, Peking University	President of the International Procurement and Development Department, Nokia Solutions And Networks Taiwan Co., Ltd. Director of the Procurement and Development Department, Asia Pacific, Nokia (China) Investment Co., Ltd.	Aligned with Note 1	None
Chiu Chuan-Tzu	Doctor 's from Business Administration from Princeton University	Vice president of China Development Financial Holding Corporation, KGI Securities Co. Ltd.	Aligned with Note 1	None

Note 1:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the company or any of its affiliates. The same does not apply, however, in case where the person is an independent director of the company, its parent company or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.

(4) Not a manager of (1) or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of (2) or (3).

(5) Not a director, supervisor or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company or ranks as one of its top five shareholders or was appointed pursuant to Article 27, paragraph 1 or 2 of the Company Act. (The same does not apply, however, in case where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(6) Not a director, supervisor, officer or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(7) Not the same person as the Company's Chairman, President or person with equivalent position or the director, supervisor or employee of the company or institution of the spouse thereof. (The same does not apply, however, in cases where the person is an independent director

of the company, its parent company, or any subsidiary as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(8) Not a director, supervisor or employee of a corporate/institutional shareholder that directly holds 5% or more of the total number of issued shares of the company or ranks as of its top five shareholders. The same does not apply, however, in case where the corporate/institution holds 20% or more and no more than 50% of the total number of issued shares of the Company or the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.

(9) Not a professional individual who or an owner, partner, director, supervisor or officer of a sole proprietorship, partnership, company or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company in the most recent 2 years with an accumulated service compensation of less than NTD 500 thousand or a spouse thereof. This restriction does not apply to any member of the Remuneration Committee, public tender offers Audit Committee or mergers and acquisition special committee, who exercises powers pursuant to relative regulations of the Securities and Exchange Act and Business Mergers and Acquisitions Act.

(10) Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company.

(11) Not been a person of any conditions defined in Article 30 of the Company Act.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

4. Diversity and independence of the Board of Directors:

(1) The overall composition of the Board of Directors shall be taken into account in the election of the Company's directors. The composition of the Board of Directors shall be based on the principle of diversity. An appropriate diversity policy shall be formulated based on its operation, operation model, and development needs, including but not limited to the two indicators below:

A. Basic conditions and values: Gender, age, nationality, and cultural backgrounds.

B. Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

(2) The Board members shall generally possess the knowledge, skills, and qualities necessary to perform their duties. The capabilities and skills that the board shall possess as whole include the following:

A. Business judgment.

B. Accounting and financial analysis skills.

C. Business management skills.

D. Crisis management capabilities.

E. Industry knowledge.

F. International market perspectives.

G. Leadership.

H. Decision-making ability.

(3) A spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors.
(4) The Board of Directors shall consider adjusting the composition of the board as per the performance evaluation results.
(5) The board members have different professional backgrounds of business, production, and finance, which meet the applicable regulations.
(6) Board diversity target: Female director account for more than 33%; independent directors account for more than 44%.

(7) Board diversity and board members' core competencies

Name	Basic element					Industry experience			Professional background/ability					Professional	Competencies possessed (Note 1)							
	Nationality	Gender	Serving as the Company's employee concurrently	Age (Note 2)	Length of service as an independent director (Note 3)	Manufacturin Procurement	Marketing/	Securities	Accounting and finance	Law	Marketing and sales management	Production management	Business	skill	Business judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International market perspectives	Leadership	Decision-making ability
Liao Pen-Lin	R.O.C.	Male	V	C		V	V				V	V	V	Master's from Management	V	△	V	V	V	V	V	V
Hsiao Teng-Tang	R.O.C.	Male		C		V	V				V	V	V	Master's from Philosophy	V	△	V	V	V	V	V	V
Liao Yueh-Shiang	R.O.C.	Female		B			V		V		V	V	V		V	V	V	V	V	V	V	V
Liao Pen-Tien	R.O.C.	Male	V	B		V	V				V	V	V		V	△	V	V	V	V	V	V
Hsu Min-Cheng	R.O.C.	Male	V	A		V	V				V	V	V	Master's from Management	V	△	V	V	V	V	V	V
Hsu Ching-Tao	R.O.C.	Male		A	A			V	V				V	Master's from Management	V	V	V	V	V	V	V	V
Terry Chiang	R.O.C.	Male		A	A	V	V				V	V	V	University of Southern California	V	△	V	V	V	V	V	V
Chen Hsiang-Ning	R.O.C.	Female		B	A		V				V		V	Master's from Management	V	△	V	V	V	V	V	V
Chiu Chuan-Tzu	R.O.C.	Female		A	A			V	V				V	Doctor 's from Business Administration	V	V	V	V	V	V	V	V

Note 1: V: Has professional ability △: Has basic ability

Note 2: A:51-60; B:61-70; C:71-80

Note 3: A: Fewer than three terms of office B: More than three terms of office

(II) Information on the President, Vice Presidents, and the heads of various departments and branches:

April 2, 2023

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholding of spouse or minor children		Shares Held by the Other's		Education and Experience	Current Position(s) in Other Companies	Spouse or relative within second degree of kinship who are managers of the Company			Remark
					Number	Shareholding (%)	Number	Shareholding (%)	Number	Percentage of Shareholding			Title	Name	Relationship	
CEO	Taiwan	Liao Pen-Lin	Male	2007.6	7,339,548	6.73	3,642,450	3.34	-	-	Master's from Tulane University	Director of KS Terminals, Inc. Director of Siward Crystal Technology Co., Ltd., Director of P-Duke Technology Co., Ltd., Director of Securitag Assembly Group Co., Ltd., Director of Fuzetec Technology Co., Ltd. Chairman of Good Sky Electric Co., Ltd. Chairman of Pacer Technology Co., Ltd.	Second Business Division President	Liao Pen-Tien	Brothers	Note 1
First Business Division President	Taiwan	Hsu Min-Cheng	Male	2016.6	30,000	0.03	-	-	-	-	Master's from Tulane University	Director of Good Sky Electric Co., Ltd.	None	N/A	None	
Second Business Division President	Taiwan	Liao Pen-Tien	Male	2007.6	1,594,935	1.46	190,117	0.17	-	-	China University of Science and Technology	Supervisor of Good Sky Electric Co., Ltd.	CEO	Liao Pen-Lin	Brothers	
Third Business Division KGI Securities Co., Ltd.	Taiwan	Tsai Huai-Jen	Male	2020.08	312,005	0.29	47	-		-	National Chung-Hsing Senior High School	None	N/A	N/A	None	

Note 1: Where the Chairman and the President or person in an equivalent position (top-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and countermeasures shall be disclosed (e.g., increasing the number of independent directors on the board or having more than half of the directors who are not employees or managers concurrently):

(1) Reasons, reasonableness, and necessity: Chairman Liao Pen-Lin, serves as the President of Company concurrently. The Company's operating segments include Lead Frame for Semiconductor Industry, electronic components, and stepping motors, and the industry situations and development trends are different. Each operating segment has set up the president of each business division. However, the Group's overall development strategy and resource integration still depends on the Chairman's coordination.

(2) In response to the measures: On 2022.05.31, the Board of Directors was re-elected and one independent director was added, making a total of four independent directors.

III. Remuneration paid to directors, supervisors, the President, and Vice Presidents during the most recent year:

(I) Remuneration to general directors and independent directors (individuals' names and remuneration are disclosed)

Unit: NTD thousand: thousand shares; December 31, 2022

Title	Name	Remuneration to directors								Sum of A, B, C, and D as a % of the net income after tax (Note 10)		Remuneration received for serving as an employee concurrently								Sum of A, B, C, D, E, F and G as a % of the net income after tax (Note 10)		Remuneration from investees other than subsidiaries or from the parent company (Note 11)
		Base Compensation (A) (Note 2)		Severance pay (B)		Remuneration to directors (C) (Note 3)		Business execution expenses (D) (Note 4)				Salary, bonuses, and allowances (E) (Note 5)		Severance pay (F)		Employee remuneration (G) (Note 6)						
		The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company		Companies in the consolidated financial statements (Note 7)		The Company	Companies in the consolidated financial statements	
																Amount of cash	Amount of stock	Cash	Share			
CEO	Liao Pen-Lin	0	0	0	0	461	461	21	21	0.29%	0. 29%	4,015	4,015	0	0	527	0	527	0	2.99%	2.99%	None
Director	Hsiao Teng-Tang	0	0	0	0	461	461	21	21	0. 29%	0. 29%	0	0	0	0	0	0	0	0	0.29%	0.29%	None
Director	Liao Pen-Tien	0	0	0	0	461	461	21	21	0. 29%	0. 29%	2,766	2,766	0	0	337	0	337	0	2.14%	2.14%	4,516
Director	Hsu Min-Cheng	0	0	0	0	461	461	21	21	0. 29%	0. 29%	2,855	2,855	98	98	337	0	337	0	2.25%	2.25%	None
Director	Liao Yueh-Shiang	0	0	0	0	461	461	21	21	0. 29%	0. 29%	1,872	1,872	0	0	0	0	0	0	1.40%	1.40%	None
Director (Note 12)	Pai Ho Investment Co., Ltd.	0	0	0	0	231	231	0	0	0.14%	0.14%	0	0	0	0	0	0	0	0	0.14%	0.14%	None
Director (Note 12)	Tsai Huai-Jen	0	0	0	0	0	0	6	6	0.00%	0.00%	1,978	1,978	74	74	274	0	274	0	1.39%	1.39%	None
Independent Director	Hsu Ching-Tao	0	0	0	0	461	461	21	21	0. 29%	0. 29%	0	0	0	0	0	0	0	0	0.29%	0.29%	None
Independent Director	Chen Hsiang-Ning	0	0	0	0	461	461	21	21	0. 29%	0. 29%	0	0	0	0	0	0	0	0	0.29%	0.29%	None
Independent Director	Terry Chiang	0	0	0	0	461	461	21	21	0. 29%	0. 29%	0	0	0	0	0	0	0	0	0.29%	0.29%	None
—	Chiu Chuan-Tzu	0	0	0	0	231	231	15	15	0.15%	0.15%	0	0	0	0	0	0	0	0	0.15%	0.15%	None

Note 1: The names of directors shall be listed separately (the names of institutional shareholders and their representatives shall be listed separately), and general directors and independent directors shall be listed separately, with various payment amounts disclosed in an aggregate manner. If a director concurrently serving as the President or the Vice President shall be entered in this table or table (3-1), or tables (3-2-1) and (3-2-2) below.
Note 2: Refers to the directors' remuneration in the most recent year (including director salary, executive differential pay, severance pay, various bonuses, and incentives).
Note 3: Refers to the amount of directors' remuneration approved by the resolution of the Board of Directors during the most recent year.
Note 4: Refers to the directors' professional service fees in the most recent year (including honoraria, special allowance, various allowances, dormitory rooms, and company cars). When houses, cars, and other means of transportation or exclusive personal expenses are provided, the nature and costs of the assets provided and the actual cost or fair market value of rents, fuels, and other payments shall be disclosed. In addition, when a chauffeur is provided, please indicate the relevant payments made by the Company to the chauffeur, but such payments are not included in the remuneration.
Note 5: Refers to the salary, executive differential pay, severance pay, various bonuses, incentives, honoraria, special allowance, various allowances, dormitory rooms, and company cars received by directors who serve as employees concurrently (including the President, Vice Presidents, other managers, and employees). When houses, cars, and other means of transportation or exclusive personal expenses are provided, the nature and costs of the assets provided and the actual cost or fair market value of rents, fuels, and other payments shall be disclosed. In addition, when a chauffeur is provided, please indicate the relevant payments made by the Company to the chauffeur, but such payments are not included in the remuneration. Salary and wages recognized in accordance with IFRS 2 Share-based Payments, including employee stock warrants and restricted stock awards acquired and shares for capital increased subscribed for, shall also be included in the remuneration.
Note 6: Refers to directors who have received employee remuneration (including stock and cash) in the most recent year for serving as employees concurrently (including the President, Vice Presidents, other managers, and employees). The amount of employee remuneration approved by the Board of Directors in the most recent year shall be disclosed. If it is impossible to estimate the amount, the percentage adopted for the amount paid out last year shall be adopted to calculate the proposed amount for this year, while Table 1-3 shall be filled out additionally.
Note 7: The total amount of remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed.
Note 8: The names of the directors shall be disclosed in the applicable ranges based on the total amount of remuneration paid by the Company to each director.
Note 9: The total amount of remuneration paid to each of the Company's directors by all companies (including the Company) in the consolidated financial statements shall be disclosed, with the name of each director disclosed in their applicable range.
Note 10: Net income after tax refers to the net income after tax of the standalone or individual financial statement for the most recent year.
Note 11: a. This column shall clearly indicate the amount of remuneration received by the directors of the Company from investees other than subsidiaries or from the parent company (if there is none, please fill in "None").
b. If a director of the Company receives remuneration from investees other than subsidiaries or from the parent company, the remuneration received by the director from investees other than subsidiaries or from the parent company shall be included in column I of the remuneration range table with said column renamed "Parent company and all investees".
c. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and professional service fees received by the directors of the Company for serving as directors, supervisors, or managers of investees other than subsidiaries or the parent company.
Note 12: The director is a former director.
*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act, so this table is for disclosure purposes rather than for taxation purposes.

(II) Remuneration to supervisors: N/A.

(III) Remuneration paid to the President and Vice Presidents in the most recent year (names are disclosed in the corresponding ranges)

Unit: NTD thousand: %; December 31, 2022

Title	Name	Salary (A) (Note 2)		Severance pay (B)		Bonus and special allowance (C) (Note 3)		Remuneration to employees (D) (Note 4)				Sum of A, B, C, and D as a % of the net income after tax (Note 8)		Remuneration from investees other than subsidiaries or from the parent company (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements	
								Amount of cash	Amount of stock	Cash	Amount of stock			
CEO	Liao Pen-Lin	2,009	2,009	0	0	2,006	2,006	527	0	527	0	2.71%	2.71%	None
President of the First Business Division	Hsu Min-Cheng	1,627	1,627	98	98	1,227	1,227	337	0	337	0	1.96%	1.96%	None
President of the Second Business Division	Liao Pen-Tien	1,540	1,540	0	0	1,226	1,226	337	0	337	0	1.85%	1.85%	4,516
Vice President of the Third Business Division	Tsai Huai-Jen	1,216	1,216	74	74	763	763	274	0	274	0	1.39%	1.39%	None
General Administration Department President	Liao Yueh-Shiang	1,012	1,012	0	0	860	860	0	0	0	0	1.12%	1.12%	None

Note 1: The names of the President and Vice Presidents shall be listed separately, with the amounts of various payments disclosed in an aggregate manner. A director concurrently serving as the President or a Vice President shall be entered in this table and table (1-1) above or tables (1-2-1) and (1-2-2).

Note 2: Refers to the President's and Vice Presidents' salary, executive differential pay, and severance pay.

Note 3: Refers to the President's and Vice Presidents' various bonuses, incentives, honoraria, special allowance, various allowances, dormitory rooms, company cars, and other remuneration in the most recent year. When houses, cars, and other means of transportation or exclusive personal expenses are provided, the nature and costs of the assets provided and the actual cost or fair market value of rents, fuels, and other payments shall be disclosed. In addition, when a chauffeur is provided, please indicate the relevant payments made by the Company to the chauffeur, but such payments are not included in the remuneration. Salary and wages recognized in accordance with IFRS 2 Share-based Payments, including employee stock warrants and restricted stock awards acquired and shares for capital increased subscribed for, shall also be included in the remuneration.

Note 4: Refers to the amount of employee remuneration (including stock and cash) paid out by the Board of Directors to the President and Vice Presidents in the most recent year. If it is impossible to estimate the amount, the percentage adopted for the amount paid out last year shall be adopted to calculate the proposed amount for this year, while table 1-3 shall be filled out additionally.

Note 5: The total amount of remuneration paid to the President and Vice Presidents of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 6: The names of the President and Vice Presidents shall be disclosed in the applicable ranges based on the total amount of remuneration paid by the Company to each President and Vice President.

Note 7: The total amount of remuneration paid to each President and Vice President of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed, with the name of each President and Vice President disclosed in their applicable range.

Note 8: Net income after tax refers to the net income after tax of the standalone or individual financial statement for the most recent year.

Note 9: a. This column shall clearly indicate the amount of remuneration received by the President and Vice Presidents of the Company from investees other than subsidiaries or from the parent company (if there is none, please fill in "None").

b. If the President or a Vice President of the Company receives remuneration from investees other than subsidiaries or from the parent company, the remuneration received by the President or the Vice President from investees other than subsidiaries or from the parent company shall be included in column E of the remuneration range table with said column renamed "Parent company and all investees".

c. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and professional service fees received by the President or a Vice President of the Company for serving as directors, supervisors, or managers of investees other than subsidiaries or the parent company.

*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act, so this table is for disclosure purposes rather than for taxation purposes.

(IV) Name of the manager who receives employee remuneration and distribution:

Unit: NT$ thousand; %; December 31, 2022

	Title (Note 1)	Name (Note 1)	Share	Cash	Total	Total amount as a % of the net income after tax
Manager	CEO	Liao Pen-Lin	0	1,624	1,624	0.97%
	President of the First Business Division	Hsu Min-Cheng				
	President of the Second Business Division	Liao Pen-Tien				
	Vice President of the Third Business Division	Tsai Huai-Jen				
	President of the General Administration Department	Liao Yueh-Shiang				
	Chief Finance Officer	Tsai Ti-Yi				
	Chief Accounting Officer	Chiang Yu Chang				

Note 1: Their individual names and titles shall be disclosed, but the profit paid out may be disclosed in an aggregate manner.

Note 2: Refers to the amount of employee remuneration (including stock and cash) paid out by the Board of Directors to the President and Vice Presidents in the most recent year. If it is impossible to estimate the amount, the percentage adopted for the amount paid out last year shall be adopted to calculate the proposed amount for this year. Net income after tax refers to the net income after tax for the most recent year; if the International Financial Reporting Standards have been adopted, the net income after tax refers to the net income after tax in the parent company-only or individual financial statements for the most recent year.

Note 3: The scope of managers, subject to the definition under Letter Tai-Cai-Zeng-III No. 0920001301 dated March 27, 2003, as follows:

(1) President or an equivalent position
(2) Vice president or an equivalent position
(3) Assistant vice president or an equivalent position
(4) Head of the Finance Department
(5) Head of the Accounting Department
(6) Other persons who have the right to manage affairs and sign on behalf of the Company

Note 4: If directors, the President, or Vice Presidents receive employee remuneration (including shares and cash), this form shall be filled out in addition to Table 1-2.

(V) An analysis of the total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents as a percentage of the net income after tax in the parent company-only or individual financial report for the most recent two years, and a description of the remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks.

1. An analysis of the total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents as a percentage of the net income after tax in the parent company-only or individual financial report for the most recent two years:

Unit: NT$ thousand; %

	Total remuneration		Total remuneration as a percentage of net income after tax		Increase (decrease) in amount	Increase (decrease) in percentage
	2022	2021	2022	2021		
Director	4,340	4,100	2.59%	2.68%	240	6%
President and Vice Presidents	15,133	12,970	9.01%	8.47%	2,164	17%
Total	19,473	17,070	11.60%	11.15%	2,404	14%

2. An analysis of the total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents by the Company and all companies in consolidated financial statements as a percentage of the net income after tax for the most recent two years:

Unit: NT$ thousand; %

	Total remuneration		Total remuneration as a percentage of net income after tax		Increase (decrease) in amount	Increase (decrease) in percentage
	2022	2021	2022	2021		
Director	4,340	4,100	2.59%	2.68%	240	6%
President and Vice Presidents	15,133	12,970	9.01%	8.47%	2,164	17%
Total	19,473	17,070	11.60%	11.15%	2,404	14%

Details: The increase in directors' remuneration is a result of an increase in directors' remuneration distributed in accordance with the Articles of Incorporation due to an increase in the net income before tax.

As per Article 29-1 of the Articles of Incorporation, the Company made a profit for the fiscal year and allocated not higher than 2% of the balance for 2022 directors’ remuneration, amounting to NT$4,151 thousand, and honoraria for attendance at board meetings, amounting NT$189 thousand, totaling NT$4,340 thousand, as resolved by the Board of Directors.

3. Remuneration policy, standard, and package, the procedure for determining the remuneration, and the relevance thereof to future risks:

(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) Regarding the managers' remuneration, as per 12002 - Salary Regulations, various work allowances and bonuses shall be provided to reward employees for their endeavors at work; relevant bonuses also depend on the Company's annual operating performance, financial position, operating status, and individuals' work performance evaluation results; also, if the Company makes a profit for a year, it, as per Article 29-1 of the Articles of Incorporation, shall provide 4% or more as employee remuneration. The Company adopts the performance evaluation results as per 12011 - Year-end Bonus Payment Regulations, 12030 - Employee Remuneration Calculation and Payment Regulations, and 12066 - Performance Bonus Payment Regulations implements as the reference for the payment for manager bonuses; the manager performance evaluation indicators are divided into (A) financial indicators: as per the Company's income statement, the profit is distributed each business group based on their contribution and managers' achievement of goals; (B) non-financial indicators: the implementation of the Company's core values, business management capability, and participation in sustainable development, to calculate the remuneration for their management performance. We review the remuneration mechanism at any time as per the operating status and applicable laws and regulations.

(3) The combination of the remuneration paid by the Company is determined in accordance with the Remuneration Committee Charter, including cash remuneration, various allowances, and other measures with substantive rewards; the scope of the remuneration is the same as that specified in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

4. Procedures for determining remuneration:

(1) To regularly evaluate the director and manager remuneration, we adopt the evaluation results as per the Company's Rules for Performance Evaluation of Board of Directors and the Performance Bonus Payment Regulations that apply to managers and employees as the basis.

(2) The relevant performance evaluation and the reasonableness of the Company's director and manager remuneration are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors per year. In addition to reviewing individuals' performance achievement and contribution to the Company, we consider the Company's overall operating performance and the future risks and development trends of the industry, review the remuneration mechanism at any time depending on the operating status and applicable laws and regulations, as well as take into account the overall corporate governance trend before paying reasonable remuneration to strike a balance between the Company's sustainable development and risk control. The amount of remuneration paid to directors and managers during 2022 was reviewed by the Remuneration Committee and then approved by the Board of Directors.

5. Relevance between business performance and future risks

(1) We review the Company's remuneration policy payment standards and systems mainly based on the Company's overall operating status and determine the payment standards based on individuals' performance achievement and contribution to improve the effectiveness of the operations of the Board of Directors and management departments. We also refer to the general salary standards in the industry to ensure that the remuneration to our management team is competitive in the industry, thereby retaining excellent management talents.

(2) Our managers' performance targets are combined with risk control measures to ensure that potential risks within the scope of their duties can be managed and prevented, and their performance is graded based on their actual performance in connection with all relevant human resources and salary policies. The important decisions made by the Company's management team after it takes into account various risks. The performance of relevant decisions made is linked with the Company's profitability, and the management team's remuneration associated with the risk control performance.

IV. Implementation of corporate governance

(I) Information on the operations of the Board of Directors:

The Board of Directors held seven meetings during 2021, and directors' and supervisors' attendance is as follows:

Title	Name (Note 1)	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A) (Note 2)	Remark
Chairman	Liao Pen-Lin	7	-	100	
Director	Hsiao Teng-Tang	7	-	100	
Director	Liao Pen-Tien	7	-	100	
Director	Liao Yueh-Shiang	7	-	100	
Director	Hsu Min-Cheng	7	-	100	Old status
Director	Pai Ho Investment Co., Ltd.	-	-	-	
	representative: Tsai Huai-Jen	2	-	100	
Independent director	Hsu Ching-Tao	7	-	100	
Independent director	Chen Hsiang-Ning	7	-	100	
Independent director	Terry Chiang	6	1	86	
Independent director	Chiu Chuan Tzu	5	-	100	Newly appointed

Other matters that are required to be disclosed:

I. If the operations of the Board of Directors is under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified:

(I) Matters under Article 14-3 of the Securities and Exchange Act:

Date of meeting (session/term)	Proposal	All independent directors' opinions and the Company's response to said opinions
2022/03/09 (1st meeting in 2022)	Financial statements for 2021	Approved by all independent directors
	Amendment to the "Procedures for Acquisition and Disposal of Assets."	
	Amendment to the "the Corporate Governance Best-Practice Principles ."	
	The "Corporate social responsibility Best-Practice Principles" was partially amended and renamed as the "Sustainable Development Best Practice Principles"	
	The Company's 2021 Statement of the Internal Control System.	
2022/06/30 (3rd meeting in 2022)	Amendment to "Related Party Transaction Management Practices".	
2022/08/03 (4th meeting in 2022)	Amendments to the "Regulations for the Administration of the Seal".	
	Purchase of the entire equity interest in Neocene. Technology (Suzhou) Co., Ltd. from SIMPLY SUCCESS INVESTMENTS LTD.	
2022/11/02 (5th meeting in 2022)	Finance Director Appointment.	
2022/12/21 (6th meeting in 2022)	Amendments to the "14212 Rules of the Procedures for Handling Material Internal Information".	
	Amendments to the "13921 Regulations Governing Share Repurchase for Transfer to Employees ".	
	Amendments to the "14213 Rules of the Financial statement preparation process management operations ".	
	Amendments to the "13931 Remuneration Committee Organizational Procedures".	

	Appointment of Chief Accounting Officer.	

(II) In addition to above matters, the resolutions adopted by the board of directors to which independent directors have objections or reservations on record or in a written statement: None.

II. Disclosure regarding recusal for interest-conflicting proposals, including the names of directors concerned, the content of proposals, the reason for recusal, and the voting process: None.

III. A publicly listed company shall disclose the cycle and period, scope, method, and content of the self-evaluation (or peer evaluation) of the board performance and fill in Table 2 (2) Implementation of board evaluation: Please refer to the table below.

IV. The objectives of enhancing the functions of the Board of Directors in the current year and the most recent year (such as establishing an audit committee or enhancing information transparency) and the implementation:

1. Four of the Company's nine directors are independent directors, already accounting for ninth-fourth of all directors.
2. The Board of Directors authorized the establishment of an Audit Committee and a Remuneration Committee to assist the board in fulfilling its supervisory responsibilities. The two committees consist of all independent directors.

Note 1: Where the director or supervisor is a juridical person, please specify the institutional shareholder's and its representative's names.

Note 2: (1) If a director or supervisor resigned before the end of the year, the date of resignation shall be indicated in the Remarks column, and the attendance (%) shall be calculated with the number of board meetings attended by the director or supervisor divided by the number of board meetings held during their term of office.

(2) Before the end of the year, if there is an election of directors or supervisors, the new and old directors and supervisors shall be entered, and the old, new, or re-elected status and the election date of each director or supervisor shall be indicated in the Remarks column. The attendance (%) shall be calculated with the number of board meetings attended by a director or supervisor divided by the number of board meetings held during their term of office.

The implementation of the board performance evaluation

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Contents of evaluation (Note 5)
Once per year	January 1, 2022 through December 31, 2022	The board as a whole, individual board members, and functional committees were included in the evaluation.	Internal board self-evaluation and board members' self-evaluation	The evaluation content is detailed on page 23 and was reported to the Board of Directors on March 8, 2023.

Note 1: Fill in the cycle of the board evaluation, e.g., once per year.

Note 2: Fill in the period covered for the board evaluation, e.g. the board performance from January 1, 2019 to December 31, 2019 was evaluated.

Note 3: The evaluation covers the Board of Directors, individual board members', and functional committees' performance.

Note 4: Evaluation methods include internal board self-evaluation, board members' self-evaluation, peer evaluation, evaluation by external professional organizations or experts, or other appropriate methods.

Note 5: The evaluation content includes at least the indicators below within the evaluation scope:

(1) The Board of Directors performance evaluation covers at least the degree of involvement in the Company's operations, the quality of the Board of Directors' decision-making, the composition and structure of the Board of Directors, the election of directors and their continuing education, and internal control.

(2) Individual directors' performance evaluation covers at least the alignment with the Company's goals and mission, awareness of responsibilities as a director, directors' awareness of responsibilities, degree of involvement in the Company's operations, internal relationship management and communication, management and communication of internal relations, and internal control.

(3) Functional committees' performance evaluation covers the degree of involvement in the Company's operations, awareness of responsibilities as a functional committee member, the quality of the functional committee's decision-making, the composition and selection of members of the functional committees, and internal control.

Excel Cell Electronic Co., Ltd.
2022 Board Performance Evaluation Results

(I) Evaluation results:

1. The board performance self-evaluation:

The board performance evaluation indicators covered a total of 42 indicators in the five major aspects; 39 evaluation indicators were rated "Strongly agree (5)" and three evaluation indicators were rated "Agree (4)". This indicated that the Board of Directors has duly fulfilled its responsibilities to guide and oversee the Company's strategies, major business activities and risk management, while having established a proper internal control system. The overall operations were up to standard in alignment with the requirements of corporate governance.

The five aspects of self-evaluation	Evaluation indicator	Rating result
A. The degree of participation in the Company's operations	11 indicators	4.98 points
B. Improvement to the decision-making quality of the Board	12 indicators	4.99 points
C. Board composition and structure	7 indicators	4.91 points
D. Directors' election of and continuing education	5 indicators	5.00 points
E. Internal control	7 indicators	5.00 points

2. Individual board member performance self-evaluation:

The board member performance evaluation indicators covered a total of 23 indicators in the six major aspects; 21 evaluation indicators were rated "Strongly agree (5)" and two evaluation indicators were rated "Agree (4)". This indicated that the directors have positive reviews for the efficiency and effectiveness of various indicators.

The six aspects of self-evaluation	Evaluation indicator	Rating result
A. Alignment with the Company's goals and missions	3 indicators	5.00 points
B. Awareness of directors' responsibilities	3 indicators	5.00 points
C. The degree of participation in the Company's operations	8 indicators	4.95 points
D. Internal relations management and communication	3 indicators	5.00 points
E. Directors' professionalism and continuing education	3 indicators	5.00 points
F. Internal control	3 indicators	5.00 points

3. Audit Committee performance self-evaluation:

The Audit Committee performance evaluation indicators covered a total of 22 indicators in the five major aspects; 21 evaluation indicators were rated "Strongly agree (5)" and one evaluation indicators were rated "Agree (4)". This indicated that the overall operations of the Audit Committee were up to standard in alignment with the requirements of corporate governance and effectively improved the board functions.

The five aspects of self-evaluation	Evaluation indicator	Rating result
A. The degree of participation in the Company's operations	4 indicators	5.00 points
B. Understanding of functional committees' responsibilities	5 indicators	4.95 points
C. Improvement to the decision-making quality of functional committees	7 indicators	5.00 points
D. Composition of functional committees and appointment of members	3 indicators	5.00 points
E. Internal control	3 indicators	5.00 points

4. Remuneration Committee performance self-evaluation:

The Remuneration Committee performance evaluation indicators covered a total of 19 indicators in the four major aspects; 18 evaluation indicators were rated "Strongly agree (5)" and one evaluation indicators were rated "Agree (4)". This indicated that the overall operations of the Remuneration Committee were up to standard in alignment with the requirements of corporate governance and effectively improved the board functions.

The four aspects of self-evaluation	Evaluation indicator	Rating result
A. The degree of participation in the Company's operations	4 indicators	5.00 points
B. Understanding of functional committees' responsibilities	5 indicators	4.95 points
C. Improvement to the decision-making quality of functional committees	7 indicators	5.00 points
D. Composition of functional committees and appointment of members	3 indicators	5.00 points

(II) The operations of the Audit Committee: The Audit Committee held seven meetings during the most recent year, and the members' attendance is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A) (Note)	Remark
Independent director	Hsu Ching-Tao	7	-	100	
Independent director	Terry Chiang	6	1	86	
Independent director	Chen Hsiang-Ning	7	-	100	
Independent director	Chiu Chuan Tzu	5	-	100	Newly appointed

Other matters that are required to be disclosed:

I. If the operations of the Audit Committee is under any of the circumstances below, the date of the committee meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified:

(I) Matters under Article 14-5 of the Securities and Exchange Act:

Type of meeting	Date	Major resolutions	The Audit Committee's resolution results and the Company's response to the Audit Committee's opinions
18th meeting of 2nd term	2022/03/09	2021 Business Report, financial statements, and consolidated financial statements.	Approved by all Audit Committee members
		2021 Surplus distribution case.	
		The Company's 2021 Statement of the Internal Control System.	
		Amendment to "the Corporate Governance Best-Practice Principles."	
		Amendment to the "Procedures for Acquisition and Disposal of Assets."	
		The "Corporate social responsibility Best-Practice Principles" was partially amended and renamed as the "Sustainable Development Best Practice Principles"	
19th meeting of 2nd term	2022/05/04	Financial statement for Q1 in 2022	
1st meeting of 3rd term	2022/06/30	Amendment to "Related Party Transaction Management Practices".	
2nd meeting of 3rd term	2022/08/03	Financial statement for Q2 in 2022	
		Amendments to the "Regulations for the Administration of the Seal".	

		Purchase of the entire equity interest in Neocene. Technology (Suzhou) Co., Ltd. from SIMPLY SUCCESS INVESTMENTS LTD.	
3rd meeting of 3rd term	2022/11/02	Financial statement for Q3 in 2022	
		Appointment of Finance Director.	
4th meeting of 3rd term	2022/12/21	2023 Internal audit program.	
		2023 Financial statement audit fee case.	
		Amendments to the "14212 Rules of the Procedures for Handling Material Internal Information".	
		Amendments to the "13921 Regulations Governing Share Repurchase for Transfer to Employees ".	
		Amendments to the "14213 Rules of the Financial statement preparation process management operations ".	
		Amendments to the "13931 Remuneration Committee Organizational Procedures."	
		Appointment of Chief Accounting Officer.	

(II) Except for the above matters, matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

II. In the event of independent directors' recusal from any proposals, the name of independent director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: None.

III. Communications between the independent directors and the Company's chief internal auditor/CPAs (shall include the material issues, methods, and results of audits of corporate finance or operations): The CPAs communicated relevant issues in the process of auditing the 2022 financial statements to independent directors and the chief internal auditor on August 3, 2022, and March 8, 2023.

(III) The operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor

Evaluation indicator	Operations (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	Yes		Already disclosed on the Company's website	No major difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
II. The Company's shareholding structure and shareholders' equity				
(I) Has the company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	Yes		(I) We have personnel in place dedicated to handling issues, such as shareholder suggestions or disputes with them.	(I) No major difference from Article 13 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(II) Does the company have a list of the major shareholders with ultimate control over the company and a list of the ultimate controllers of the major shareholders?	Yes		(II) We keep abreast of a list of major shareholders with ultimate control over the Company.	(II) No major difference from Article 19 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(III) Has the company established and implemented a risk control and a firewall mechanism between itself and affiliates?	Yes		(III) The management rights and responsibilities for personnel, assets, and finance between the Company and our affiliates are clearly defined. In addition to the subsidiary supervision operations in place, our auditors regularly supervise the implementation.	(III) No major difference from Article 14 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(IV) Has the company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	Yes		(IV) The Company has established the Procedures for Handling Material Inside Information and the Insider Trading Prevention Management Procedures, which prohibit the insiders from using undisclosed information on the market to trade securities.	(IV) No major difference from Article 14 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
III. Composition and responsibilities of the Board of Directors				
(I) Has the board formulated a diversity policy for the board structure and specific management objectives and duly implemented them?	Yes		(I) The Company's board members are from various professional fields, and we have therefore put the board diversity policy into practice. Refer to pages 12–14 for details.	(I) No major difference from Article 20 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(II) Has the company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law ?	Yes		(II) The Company has voluntarily established an Audit Committee.	(II) The Company has voluntarily established an Audit Committee.
(III) Has the company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	Yes		(III) Refer to page 23 for details.	(III) No major difference from Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(IV) Does the company regularly assess the independence of the CPAs?	Yes		(IV) Refer to page 49 for details. The assessment of the independence of CPAs.	(IV) No major difference from Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
IV. Has the company has appointed an appropriate number of competent	Yes		The Company's Finance Department is responsible for relevant corporate	No major difference

Evaluation indicator	Operations (Note 1) Yes	No	Brief description	Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?			governance matters.	
V. Has the company has established communication channels with stakeholders and set up a section dedicated to stakeholders on the company's website to properly respond to stakeholders' major CSR issues of concern?	Yes		We have set up the Stakeholders section on the Company's website as a communication channel with them (including clients, suppliers, investors, and employees).	No major difference from Article 51 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
VI. Does the company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?	Yes		The Company's shareholder service is handled by SinoPac Securities Corporation.	No major difference
VII. Information disclosures (I) Has the company set up a website to disclose information on financial business and corporate governance?	Yes		(I) We have set up a website to disclose relevant information.	(I) No major difference from Article 55 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(II) Does the company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the company website)?	Yes		(II) We have appointed personnel dedicated to collecting and disclosing the information on the Company, the spokesperson system, and the investor conferences in accordance with regulations.	(II) No major difference from Article 56 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(III) Does the company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?		No	(III) The Company filed the 2022 annual financial statements on March 8, 2023 and completed the filing of the financial statements for 2022 Q1, Q2, and Q3 before seven days of the prescribed deadline, respectively.	(III) The feasibility of announcing and reporting the annual financial statement within two months after the end of the fiscal year will be carefully assessed
VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the company's purchase of directors and supervisors liability insurance)?	Yes		(I) Please refer to page 28 for the details of directors' continuing education. (II) We have purchased directors liability insurance. (III) We have set up the Stakeholders section on the Company's website as a communication channel with them (including clients, suppliers, investors, and employees).	No major difference
IX. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved: (1) Have the Rules for Performance Evaluation of Board of Directors been formulated by the company and approved by the board of directors?: We will conduct a self-evaluation at least once per year and disclose the evaluation results on the official website or annual report: Refer to page 23 and the Company's website at https://www.ece.com.tw/zh-tw. (2) Does the company's annual report disclose the president's and vice presidents' individual remuneration?: Refer to page 17 for details. (3) Has the company has set up a dedicated (concurrent) unit for ethical management to formulate and supervise an ethical management policy and a prevention plan, disclose its operations and the implementation on the Company's website and in the annual report, and regularly report to the board of directors: Refer to page 40 for details. (4) Did the company disclose the annual emissions of carbon dioxide or other greenhouse gases over the past two years: Refer to page 33 for details.				

Directors’ and supervisors’ professional and continuing education

Title	Name	Date of course From	Date of course To	Organizer	Course title	Hours of course	Total hours of continuing education for this year
Director	Liao Pen-Lin	2022/08/20	2022/08/20	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3	7.0
		2022/07/20	2022/07/20	Taiwan Stock Exchange	Sustainable Development Roadmap Industry Themed Seminars	2	
		2022/05/12	2022/05/12	Taiwan Stock Exchange	International Twin Peaks Online Forum	2	
Independent director	Terry Chiang	2022/08/20	2022/08/20	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3	6.0
		2022/07/15	2022/07/15	Securities and Futures Institute	Challenges and Opportunities for Sustainable Development Pathways and Introduction to Greenhouse Gas Inventory	3	
Director	Liao Pen-Tien	2022/09/14	2022/09/14	Securities and Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policy for Business Operations	3	6.0
		2022/07/22	2022/07/22	Accounting Research and Development Foundation	ESG information disclosure trends and related regulations	3	
Director	Liao Yueh-Shiang	2022/11/08	2022/11/08	Taiwan Corporate Governance Association	How to improve corporate governance through TIPS Wealth Management	3	6.0
		2022/09/14	2022/09/14	Taiwan Corporate Governance Association	Corporate Sustainability Accelerators - CSRs, ESGs and SDGs	3	
Director	Hsu Min-Cheng	2022/08/20	2022/08/20	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3	8.0
		2022/07/20	2022/07/20	Taiwan Stock Exchange	Sustainable Development Roadmap Industry Themed Seminars	2	
		2022/05/20	2022/05/20	Securities and Futures Institute	2022 Annual Insider Trading Prevention Seminar	3	
Independent director	Chen Hsiang-Ning	2022/10/11	2022/10/11	Taiwan Stock Exchange	2022 Listed Companies - Independent Directors and Audit Committee Exercise of Powers and Responsibilities of Directors and Supervisors Seminar	3	8.0
		2022/05/20	2022/05/20	Securities and Futures Institute	2022 Annual Insider Trading Prevention Seminar	3	
		2022/05/12	2022/05/12	Taiwan Stock Exchange	International Twin Peaks Online Forum	2	
Director	Hsiao Teng-Tang	2022/10/25	2022/10/25	Taiwan Corporate Governance Association	Interpretation of Important Corporate Governance Decisions: Directors' Responsibilities as the Core	3	6.0
		2022/10/05	2022/10/05	Securities and Futures Institute	2022 Legal Compliance Briefing for Insider Stock Transactions	3	
Independent director	Hsu Ching-Tao	2022/11/09	2022/11/09	Taiwan Corporate Governance Association	Analysis of Important Laws and Regulations on Cross-strait Investment, Joint Ventures and Mergers and Acquisitions	3	6.0
		2022/08/29	2022/08/29	Taiwan Corporate Governance Association	From CSR to ESG Corporate Management Mindset	3	
Independent director	Chiu Chuan-Tzu	2022/06/21	2022/06/22	Securities and Futures Institute	Directors and Supervisors (including Independent) and Head of Corporate Governance Practice Workshop - Taipei Class	12	12.0

(IV) If the company has established a remuneration committee, the composition, responsibilities, and operations of the committee shall be disclosed

1. Information on the members of the Remuneration Committee

Title \ Name \ Criteria		Professional qualifications and experience		Independence criteria	Number of other public companies where the individual serves as an independent director concurrently
Independent director	Hsu Ching-Tao	Master's from Management, National Chung Hsing University	Senior Manager of President Securities Corporation	Aligned with Note 1	Independent director of Cayman Engley Industrial Co., Ltd.
Independent director	Terry Chiang	Master's from Electrical Engineering, University of Southern California	President of Securitag Assembly Group Co., Ltd. Director of Securitag Assembly Group Co., Ltd. Director of Siward Crystal Technology Co., Ltd.	Aligned with Note 1	None
Independent director	Chen Hsiang-Ning	Executive Master's from Business Administration, Guanghua School of Management, Peking University Peking University	President of the International Procurement and Development Department, Nokia Solutions And Networks Taiwan Co., Ltd. Director of the Procurement and Development Department, Asia Pacific, Nokia (China) Investment Co., Ltd.	Aligned with Note 1	None
Independent director	Chiu Chuan-Tzu	Doctor 's from Business Administration from Princeton University	Vice president of China Development Financial Holding Corporation, KGI Securities Co. Ltd.	Aligned with Note 1	None

Note 1: In compliance with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

(I) Has work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company

(II) Not been a person of any conditions defined in Article 30 of the Company Act.

(III) Not a government or juridical person or representative thereof as specified in Article 27 of the Company Act.

(IV) Shall maintain the independence within the scope of the performance of duties; shall not have any direct or indirect interest involved with the Company; shall not be involved in any of the following circumstances during the two years before being elected and during the term of office:

1. An employee of the Company or any of its affiliates.
2. A director or supervisor of the company or any of its affiliates.
3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
4. A manager under subparagraph 1 or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the personnel in the preceding two subparagraphs.
5. A director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or

who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act.

6. A director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person.
7. A director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position at the Company and a person in an equivalent position at another company or institution are the same person or are spouses.
8. A director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution with financial or business relations with the Company.
9. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.

The provisions of subparagraph 2 and subparagraphs 5 to 7 of the preceding paragraph and subparagraph 1 of paragraph 4 do not apply to an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations.

Where an independent director of a publicly issued company used to serve as an independent director of a company listed in subparagraph 2 or 8 of paragraph 1, its affiliate(s), or a specific company or institution with financial or business relations with the Company and has been dismissed, the requirement two years before being elected under paragraph 1 does not apply.

The specific company or institution referred to in subparagraph 8 of paragraph 1 refers to a company under any of the following circumstances:

I. Holding 20% or more and not more than 50% in the Company's total issued shares.

II. Another company and its directors, supervisors, or all shareholders each holding 10% or more of its total issued shares hold 30% or more of the Company's total issued shares, and both parties have records of financial or business transactions. The shares held by the aforementioned personnel, including their spouses, minor children, and those held by nominee arrangement.

III. A total of 30% or more of the Company's operating revenue comes from another company and companies within its group.

IV. The quantity or total purchase amount of the raw materials for the Company's main products (those that account for 30% or more of the total purchase amount and are indispensable for product manufacturing) or major commodities (referring to those that account for 30% or more of the total operating revenue) from another company and companies within its group reached 50 % or more of the Company’s total purchase amount.

The parent company, subsidiary, and group referred to in paragraphs 1 and 2 and the preceding paragraph shall be determined in accordance with IFRS 10.

Affiliates referred to in paragraphs 1 and 3 refer to affiliates in Chapter 6-1 of the Company Act, or those who should prepare consolidated financial statements in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the IFRS 10.

2. Information on the operations of the Remuneration Committee

(1) The Company has four Remuneration Committee members.

(2) The term of office of the existing committee members: From June 30, 2022 through May 30, 2025. The Remuneration Committee held 4 meetings (A) in 2022. The members' qualifications and attendance are as follows:

Title	Name	Attendance in person (B)	No. of Meetings Attended by Proxy	Attendance (%) (B/A) (Note)	Remark
Convener	Hsu Ching-Tao	4	-	100	
Member	Terry Chiang	4	-	100	
Member	Chen Hsiang-Ning	4	-	100	
Member	Chiu Chuan-Tzu	4	-	100	

Other matters that are required to be disclosed:

I. Where the Board of Directors rejects or modifies the suggestions from the Remuneration Committee, please disclose the date and session of the meeting, contents of the motions, resolution made by Board of Directors' meeting, and how the Company has responded to Remuneration Committee's opinions (describe the differences and reasons, if any, should the Board of Directors approve a solution that is more favorable than the one proposed by the Remuneration Committee): None.

II. For proposals resolved by the Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: None.

(I) Matters under Article 14-5 of the Securities and Exchange Act:

Type of meeting	Date	Major resolutions	Resolution results	Status of implementation
The 1st Meeting of the 5th term	2022/08/03	Appointed Manager - General Management Office - General Manager - Ms. Liao Yueh-Shiang pension benefit	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result
The 2nd Meeting of the 5th term	2022/11/02	The Details of Manager Performance Bonus Payment for May to August, 2022.	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result
The 3rd Meeting of the 5th term	2022/12/21	1. The Details of 2022 Manager's year-end bonus payment details.	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result
		2. The Details of Manager Performance Bonus Payment for September to December, 2022	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result
		3. The 2022 Employee Compensation and Director's Compensation Contribution Proposal.	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for for TWSE/TPEx Listed Companies and the Reasons

The promotion of Item	The promotion of Implementation (Note 1)			Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Brief description	
I. Has the company established a governance structure to promote sustainable development, set up a dedicated (concurrent) unit to promote sustainable development, and authorized the senior management by the board of directors to handle and supervise the situation on behalf of the board of directors?	Yes		1. The ESG Committee is the highest-level sustainable development decision-making center in the company chaired by the CEO and supported by a secretariat. It is divided into five working groups: corporate governance / social engagement and employee development / sustainable products / environmental sustainability / supply chain management, which jointly review the company's core operating capabilities and formulate medium- and long-term sustainability plans.	No difference from Article 9 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes		2. Specify the implementation by each organization within the Company, including but not limited to: (1) The ESG Committee is the highest-level sustainable development decision-making center in the company chaired by the CEO and supported by a secretariat. It is divided into five working groups: corporate governance / social engagement and employee development / sustainable products / environmental sustainability / supply chain management, which jointly review the company's core operating capabilities and formulate medium- and long-term sustainability plans.	No difference from Article 9 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
			(2) The ESG Committee serves as an interdepartmental communication platform that features vertical integration and horizontal connection. Through regular meetings and the five major task forces set up for the topics of corporate governance; social participation and employee development; sustainable products; environmental sustainability; and supply chain management, respectively, we identified sustainability issues relevant to the Company's operations and stakeholders' concerns, formulated corresponding strategies and work guidelines, prepared budgets related to various organizations and sustainable development, and planned and executed annual plans, while following up on the implementation results to ensure that our sustainable development strategies are thoroughly implemented in the Company's daily operations. The unit in charge of the ESG Committee reports to the Board of Directors on the sustainable development project implementation results and future work plans per year. It also reports on the implementation throughout the year and the annual work plan to the Board of Directors in the first quarter per year. The content of its proposal includes (A) identified critical ESG issues and corresponding action plans; (B) goals and policy revisions for ESG-related issues; (C) supervision of the implementation of the sustainable management business and the implementation evaluated. The Company's Board of Directors listens to the reports by the management team on a regular basis per year. The management team must put forth business strategies to the Board of Directors, which should then assess the possibility of success of such strategies and regularly review the progress of the strategies, all the while urging the management team to make adjustments when necessary.	
			(3) The Company - "Organizational Chart of the ESG Committee" was presented to the Board of Directors on December 21, 2022.	
	Yes		3. Specify the board's supervision of sustainable development: The Company's sustainable development policy was discussed by the Board of Directors on March 9, 2022. The board thoroughly discussed the management approaches and strategies, set targets, and reviewed measures.	No difference from Article 7 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companie
II. Does the company conduct risk assessments of environmental, social, and corporate governance issues related to company	Yes		1. Specify the risk assessment boundaries: (1) The disclosure covers the Company's sustainable development performance at its main locations from January to December 2022; The risk assessment boundaries are mainly formed within the Company, including all existing sites in Taiwan.	No difference from Article 3 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

The promotion of Item	The promotion of Implementation (Note 1)			Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Brief description	
operations as per the principle of materiality? Has the company formulated relevant risk management policies or strategies?			(2) The ESG Committee conducts analysis based on the principle of materiality, communicates with internal and external stakeholders, and reviews domestic and foreign research reports and literature and consolidates the evaluation data of various segments to evaluate the materiality of ESG issues, formulate risk management policies for effective identification, measurement, monitoring and control, and take specific action plans to reduce the impact of related risks.	
	Yes		2. We formulated relevant risk management policies or strategies based on the identified risks; the details are as follows: (Company website: https://www.ece.com.tw/zh-tw/other-projects)	
III. Environmental issues (I) Has the company set up an appropriate environmental management system as per its industrial characteristics?	Yes		1. The Company has established an environmental management system in accordance with ISO 14001 and continued to pass third-party verification.	No difference from Articles 11–17 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes		2. To achieve environmental performance targets and make continuous improvements, we have established a sound environmental management system depending on the characteristics of the electronic components industry and the Company's operating needs and have passed the LRQA ISO 14001: 2015 verification (valid from 2021.06.23 through 2024.06.22).	
(II) Is the company committed to improving energy efficiency and adopting recycled materials with low environmental impact?			Specify the Company's policy on improving energy efficiency and using recycled materials: We actively adopt various energy efficiency measures and select equipment with high energy efficiency and energy-saving designs to reduce energy consumption from operations and products, while increasing the use of renewable energy to optimize energy efficiency. We built a solar photovoltaic system with a capacity of 73.92 kw in 2022, generating 81,828 kWh of electricity annually; reducing carbon dioxide emissions by 41.65 metric tons. The raw materials we use are in compliance with the European Union's RoHS, REACH, and halogen-free regulations. We established the GPDATA database as per the GP manual, including material recycling for reuse and pollution reduction during the product manufacturing process, to alleviate the impact on the environment. In terms of green manufacturing, we strive to reduce unnecessary waste of resources, reduce waste, and develop reuse technologies. We join hands with businesses in the upstream and downstream value chain to recycle and share packaging materials. Also, in respect of products, we strive to test recycled materials with low impact on the environment to maximize the effect of circular economy. We work to create values of circular economy by recycling raw materials from processes, researching and developing waste reduction technology, and designing and selling circular products.	
(III) Does the Company assess the potential risks and possibilities of climate change to the company now and in the future and take relevant countermeasures?			Based on our assessment, climate change will have a great impact on our present and future operations. In addition to actively implementing energy-saving and carbon reduction strategies, we have installed solar and green power systems to manage energy consumption and adjusted the goods delivery model.	
(IV) Has the company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on energy conservation and carbon reduction, greenhouse gas	Yes		1. Specify the statistical data, intensity (per unit of product, service, or revenue), and data coverage (such as all factories and subsidiaries) of the items below over the past two years: (1) The carbon dioxide equivalent of greenhouse gas emissions: It was 1,468 metric tons for 2021 and 1,457 tons for 2022. (2) Water consumption: 17,739 m^3 for 2021 and 18,114 m^3 for 2022. (3) Waste: Hazardous waste:	

The promotion of Item	The promotion of Implementation (Note 1)			Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Brief description	
reduction, water consumption reduction, or other waste management?			(A) A8801 sludge: 12 tons/year; (B) D1703 waste lubricant oil: 2 tons/year; (C) C0301 waste liquid: 2.4 tons/year; (D) E0217 waste electronic components: 1 ton/year. Non-hazardous waste: (A) Resources recycled: 3 tons/year.	
	Yes		2. Specify the policy on greenhouse gas reduction, water consumption reduction, or other waste management: We put into practice the concept of environment, safety, and health, maintain environmental quality, and ensure employee safety and health; adopt energy conservation and carbon reduction as our environmental goals, reduce unnecessary waste of electricity, computerize and digitalize our administrative flows to reduce the consumption of paper and print paper. We prevent inefficiency and resource waste during production, increase resource reuse, and develop green products. We follow the requirements of circular and environmental regulations in the entire process from design and development, procurement, manufacturing, transportation to recycling and reuse. Moreover, we prohibit the use of hazardous substances, promote green products, comply with the European Union's Restriction of Hazardous Substances Directive and international regulations, and strictly manage business waste, while regularly collecting and transporting waste to minimize its impact on the environment.	
	Yes		3. Specify the information on each verification: We have established a sound environmental management system/occupational safety and health system depending on the characteristics of the electronic components industry and the Company's operating needs and have passed the LRQA ISO 14001: 2015/ ISO 45001: 2018 verification (valid from 2021.06.23 through 2024.06.22).	
IV. Social issues (I) Does the company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?			Specify policies and specific management plans to safeguard human rights: We have formulated work rules and human resources regulations in accordance with labor laws and regulations as the basis for company management. We have established the four major guidelines for a worker physical and psychological health protection program: maternal health protection rules; violence during the performance of duties; anthropogenic hazard prevention regulations, and heavy workload-induced disease prevention regulations. To ensure gender equality in the workplace, we have formulated the Workplace Sexual Harassment Prevention Measures and Punishment Regulations. With reference to the International Bill of Human Rights, we implement an unpaid parental leave system. Menstrual leave and family care leave are also defined in the Leave of Absence Rules. To facilitate labor-management collaboration, improve the communication mechanism, and enhance work efficiency, we hold labor-management coordination meetings on a regular basis per quarter.	No difference from Articles 18–22 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(II) Does the company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the results of operating performance in employee compensation?	Yes		1. Specify employee benefit measures: The Company has also formulated the work rules and personnel management regulations, covering minimum wages, working hours, leave, pension contribution, labor and health insurance, as well as occupational accident compensation, which are all incompliance with the Labor Standards Act.	
	Yes		2. Specify how business performance or achievements are reflected in employee remuneration and the implementation thereof: (1) We pay year-end bonuses and dividends depending on the business performance and purchase group insurance based on each employee’s type of work, to provide them with more adequate benefits. To enable employees to enjoy adequate benefits, we have established an Employee Welfare Committee and allocated a fixed proportion of the Company's founding capital, net sales, personal salaries, and proceeds from sales of materials for resource recycling as the source of the benefit funds. The use of the funds is limited to the benefit business and facilities, to provide employees with various benefit measures.	

The promotion of Item	The promotion of Implementation (Note 1)			Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Brief description	
			(2) We allocate no lower than 1% of the Company's profit for the year as employee remuneration in accordance with the Articles of Incorporation.	
(III) Does the company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	Yes		1. Specify the employee safety and healthy work environment measures adopted, the employee education and training policy, and the implementation thereof Occupational safety and health policy: We have formulated policies in accordance with the Occupational Safety and Health Act and clients' and relevant groups' regulations, while honoring the relevant stakeholder groups' requirements for occupational safety and health, to build a healthy and happy workplace. We adopt disaster prevention as the core concept and use appropriate management tools, well-developed technology, and available resources to integrate occupational safety and health issues in the plants, while putting forth effective countermeasures to continue to improve and promote occupational safety culture, enhancing management of the protection of operators, and investing resources to reinforce the occupational illness prevention, to create a zero-accident environment. Also, we have set quantitative indicators to expand the occupational safety and health activities to products and relevant services, improve the overall occupational safety and health performance, and effectively controls risks. Work environment monitoring: To protect workers from hazardous substances in the workplace and provide workers with a healthy and comfortable work environment, we monitor the work environment twice a year to gradually keep abreast of workers' exposure.	No difference
	Yes		2. Specify the relevant verifications obtained by the Company: The Company has passed the LRQA ISO 14001: 2015 / ISO 45001: 2018 verification (valid from 2021.06.23–2024.06.22)	
	Yes		3. Specify the number of occupational accidents and injured employees during the year, the number as a percentage of the total number of employees, and relevant improvement measures: During 2022, there were 11 employees/cases of occupational accidents, accounting for 1.62% of the total number of 680 employees. We carried out investigations into the accidents as per the ISO 45001 occupational safety and health management system in the aspects of inside the plant and outside the plant. The unit where an accident takes place notifies the head of the unit and the safety and health office for on-site emergency response. In addition to the first aid and the sending of injured persons to hospital, qualified occupational accident investigation and response personnel who have received internal training and labor representatives conduct should report on the accident or false alarm investigation. In addition to the overall assessment of the investigation results and accountability (such as loss, working hours, cost, and degree of damage), including corrective and preventive measures; the safety and health office reviews the effectiveness of the corrective and preventive measures and other subsequent improvement measures.	
(IV) Does the company establish effective career development training programs for its employees?	Yes		Specify the aspects covered by the training plans (such as new employee training, professional training, and managerial training), scope (such as managers and employees at all levels), and implementation thereof: In the Company's Education and Training Management Regulations, there are five training types: new employee training, on-the-job training, in-plant training, off-plant training, and digital learning. We have formulated the annual education and training program on the basis of the annual business target plan, each department's talent training plant, and the competency gap. Furthermore, we have established industry-academia collaboration and internship programs with a number of senior high schools, vocational schools, and universities of technology to help students quickly adapt to the Company's environment and culture during the internship.	No difference

<table>
<tr><th rowspan="2">The promotion of Item</th><th colspan="3">The promotion of Implementation (Note 1)</th><th rowspan="2">Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td>(V) Does the company comply with the relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services and develop relevant policies and complaint procedures to protect consumers' or clients rights and interests?</td><td>Yes</td><td></td><td>Specify the laws and international standards adopted for each matter; the title and content of the consumer or customer rights protection policy; and the complaint procedures:
Provision of total solutions to clients
We have been committed to providing clients with a variety of products and total solutions for many years. Through the integrated upstream supply chain and continuous expansion of the existing product lines, we have not only mastered the upstream key technologies and secured the supply of materials but diversified product lines to allow clients to have more choices to meet their various needs as much as possible. Through vertical and horizontal integration, we have enhanced our core competitiveness.
Long-term partnership
We are pursuing to grow together with clients. In addition to learning about their actual needs and seeking to find solutions, we have actively established long-term partnerships with distributors around the world, assisting them in improving their business capabilities, and responding to end customers' needs in real-time. Through long-term collaboration and endeavors, we grow and thrive together with them, and they have become our long-term reliable partners.
Customer privacy
We have legal affairs personnel dedicated to formulating client data protection management systems and policies to manage and protect their privacy. Through internal audits, external verification, crisis prevention, and education and training, we strive to safeguard their data.
Product marketing and labeling
We strictly comply with the government's and the product certification units' applicable laws and regulations; internally, we formulated operating procedures for product labeling, marketing, and advertising. Our product marketing and labeling are all in compliance with laws and regulations.
Client satisfaction
We regularly conduct client satisfaction survey and compile the survey results per year. The Marketing Department sends client satisfaction questionnaires to client and asks them to rate our quality, delivery time, price, technology, and overall impression. After collecting the questionnaires and analyzing the results, we send their feedback to relevant units for improvement, and follow-up, and confirmation.
We conduct investigations and make improvements based on clients' industry environment and social responsibility.
We respond to the environment or safety laws and regulations or other requirements raised by clients in real time, and the relevant units should also conduct investigations and make improvements based on clients' requirements, to continue to meet the requirements and enhance our performance in the environment and the social responsibility aspects.</td><td>No difference from Articles 22–1 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>(VI) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights and their implementation?</td><td>Yes</td><td></td><td>1. Specify the supplier management policy and relevant compliance regulations, with active and specific requirements for suppliers in terms of environmental protection, occupational safety and health, and labor rights:
We have formulated the Excel Cell Supplier Management Regulations, which specify the need to coexist and share prosperity with suppliers, guide them to enhance quality and environmental management stability, occupational safety and health, and development capabilities. Supplier evaluation (1) All suppliers have passed our supplier evaluation. (2) Suppliers should pass the ISO 9001, ISO 14001, or IATF 16949 standard depending on the nature of delivery. (3) The entry of machines or engineering construction in the plants should</td><td>No difference from Articles 23–26 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
</table>

The promotion of Item	The promotion of Implementation (Note 1)			Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Brief description	
			participate in the safety and health office's awareness-raising sessions first and be managed by the office.	
	Yes		2. Specify the implementation of supplier management policies and relevant regulations: Supplier audits: (1) We have set up an audit and counseling team for new suppliers to follow up on the improvement to audit defects and progress, to enable their improved quality, skills, and safety and health performance to meet the Company's requirements. Supplier training: (1) We hold technical exchanges with suppliers from time to time. (2) Applicable regulations on adoption of new products strongly require suppliers to comply with applicable environmental, safety, and health policies and professional ethics. Supplier evaluation: (1) We conduct a supplier evaluation every six months to allow them to be informed of the Company's performance and policies. (2) Based on the evaluation results, we grow together with suppliers to achieve the quality, technology, service, and business stability targets." Supplier evaluation (1) All suppliers have passed our supplier evaluation. (2) Suppliers should pass the ISO 9001, ISO 14001, or IATF 16949 standard depending on the nature of delivery, etc. (3) The entry of machines or engineering construction in the plants should participate in the safety and health office's awareness-raising sessions first and be managed by the office." Supplier audits: (1) We have set up an audit and counseling team for new suppliers to follow up on the improvement to audit defects and progress, to enable their improved quality, skills, and safety and health performance to meet the Company's requirements." Supplier training: (1) We hold technical exchanges with suppliers from time to time. (2) Applicable regulations on adoption of new products strongly require suppliers to comply with applicable environmental, safety, and health policies and professional ethics " Supplier evaluation: (1) We conduct a supplier evaluation every six months to allow them to be informed of the Company's performance and policies. (2) Based on the evaluation results, we grow together with suppliers to achieve the quality, technology, service, and business stability targets." It is also clearly stipulated in the regulations that new suppliers need to go through the selection, evaluation, audit, and coaching process based on the premise of sustainable development and shall comply with the environmental protection and occupational safety and health management regulations. (Such as the implementation of supplier self-evaluation, coaching or education, and performance evaluation).	
V. Has the company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?	Yes		1. Specify the international compilation standards or guidelines adopted and the reports prepared to disclose non-financial information: We plan to prepare the 2022 ESG Report in 2023 in accordance with the internationally accepted reporting guidelines (GRI Standards) .	No difference from Article 29 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes		2. Specify the name of the verification entity, items verified, scope of verification, and the standards adopted if assurance or guarantee is obtained.	
VI. Where the company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please specified the differences between the implementation and the principles: None.				

The promotion of Item	The promotion of Implementation (Note 1)			Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Brief description	
VII. Other important information that facilitates the understanding of the promotion of sustainable development: (1) The Company has obtained the LRQA certification, including the ISO 14001 environmental protection and the ISO 45001 occupational safety and health systems, please refer to the Company's website (https://www.ece.com.tw/zh-tw/). (2) We have established a volunteer club based on the concept of "it is more blessed to give than to receive", to fulfill our corporate social responsibility, engage in volunteer services, and extend this concept and spirit to employees' families and even the society. Company Volunteer Day–Qingshui Beiti beach cleanup on September 17, 2022. (3) The Company has made donations to Taiwan Reading and Culture Foundation's Philanthropic Library program. (4) We have worked with vocational schools, such as Huwei University of Science and Technology, to offer cooperative education programs to provide students with learning space and practical experience and provide comfortable staff dormitories for students not from the local community. (5) We have long worked with the Taichung City Distinguished Citizens Society to organize blood donation activities. (6) Participating - "International Nature Restoration Action Association" initiated the "Good Air for Healthy Field" initiative and cooperate with "National Innovation and Entrepreneurship Association, ROC" to sponsor farmers - rice straw agricultural waste local decomposition and recycling replace burning rice straw to reduce carbon emissions caused by burning rice straw. (7) Sponsored by - Anue - 2022 Warmth for Love Guardian of Mentally Challenged Angels Campaign.				

(VI) Ethical Corporate Management – Implementation Status and Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation indicator	Enforcement Status (Note 1)			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Summary	
I. Formulation of ethical management policies and plans (I) Has the company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the policy?	Yes		(I) We have formulated the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct to specify the Company's ethical management policy. The Board of Directors and the management team have issued a statement of compliance with the ethical management policy.	(I) No major difference from Article 1 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(II) Has the company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with high risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	Yes		(II) The Company has formulated Article 7 of the Ethical Corporate Management Best Practice Principles.	(II) No major difference from Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(III) Has the company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the company regularly review and revise said plan?	Yes		(III) The Company has formulated Article 7 of the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct. The Company has complaint hotlines and reporting mailboxes in place as complaint channels, and each plant also has a suggestion box. For violations of ethics, employees and suppliers file complaints to the auditing unit by email, phone, or email.	(III) No major difference from Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
II. Implementation of ethical management (I) Does the company evaluate each counterparty's	Yes		(I) The Company's suppliers sign the Supplier	(I) No major difference from Article

Evaluation indicator	Enforcement Status (Note 1)			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Summary	
records for ethics? Has the company specified the terms of ethical conduct in each contract signed with each counterparty?	Yes		Commitment to the Compliance with the Principle of Ethical Management. To establish a corporate culture of ethical management and implement the policy of ethical management, we engage in relevant business activities with suppliers, including but not limited to transactions, services, contracting, technical cooperation, logistics, and performance of other transaction contracts, and suppliers agree with and signed the Supplier Commitment to the Compliance with the Principle of Ethical Management.	18 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(II) Has the company established a dedicated (concurrent) unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?	Yes		(II) We designated the Management Department as the unit in charge of ethical management, which is directly governed by the Board of Directors, and is responsible for implementing the corporate governance business, such as ethical management, anti-corruption, anti-bribery, and compliance with laws and regulations. Moreover, to enhance ethical management, policy and prevention plan formulation, and implementation supervision, the Management Department will report on the implementation status to the Board of Directors on December 21, 2022.	(II) No major difference from Article 18 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(III) Has the company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	Yes		(III) The Company has complaint hotlines and reporting mailboxes in place as complaint channels, and each plant also has a suggestion box. For violations of ethics, employees and suppliers file complaints to the auditing unit by email, phone, or email.	(III) No major difference from Article 18 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(IV) Has the company has established an effective accounting system and an internal control system	Yes		(IV) Our internal auditors regularly audit the compliance with the effective accounting system and the internal control system established by the Company and prepare an audit report and submit it to the Board of Directors.	(IV) No major difference from Article 18 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation indicator	Enforcement Status (Note 1)			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Summary	
for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on the assessment results of the risk of unethical conduct and audit the compliance with the unethical conduct prevention plan accordingly or commissioned a CPA to perform such audits? (V) Does the company regularly hold internal and external education and training on ethical management?	Yes		(V) Our directors and independent directors took a series of courses on corporate governance, laws and regulations, finance, and risk management during 2022 for a total of 69 hours. We offered a total of 42 hours of internal training courses to regular employees and a total of 136 person-hours of external managerial training courses, including the courses on Lean manufacturing. In order to respect the intellectual property rights of others and integrate into the business community, we held a 3-hour Internal training course on 2022/9/20 - Patent Manual Interpretation and Around Course, and a 3-hour course on 2022/11/15 on corporate risk control from a legal perspective to help employees better understand the true meaning of the "Ethical Corporate Management Best Practice Principles". We offered about eight hours of training to new employees, including about two hours for the Ethical Corporate Management Best Practice Principles and required them to sign the Employment Commitment. A total of 210 new employees received education and training on ethical management during 2022.	(V) No major difference from Article 22 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
III. Implementation of the Company's whistleblowing system (I) Has the company formulated a specific whistleblowing and reward system, established a	Yes		(I) The Company has complaint hotlines and reporting mailboxes in place as complaint channels, and each plant also has a suggestion box. For violations of	No major difference from Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

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<tr><th rowspan="2">Evaluation indicator</th><th colspan="3">Enforcement Status (Note 1)</th><th rowspan="2">Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?
(II) Has the company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?
(III) Does the company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?</td><td>Yes

Yes</td><td></td><td>ethics, employees and suppliers file complaints to the auditing unit by email, phone, or email.
(II) We have formulated the investigation standard operating procedures and relevant confidentiality mechanisms for accepting reports.
(III) We adopt keep whistleblowers' identity completely confidential with appropriate protection.</td><td></td></tr>
<tr><td>IV. Enhanced information disclosures
Has the company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?</td><td>Yes</td><td></td><td>We have disclosed the Ethical Corporate Management Best Practice Principles on the Company's website.</td><td>No major difference from Article 25 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</td></tr>
<tr><td colspan="5">V. If the company has formulated its own Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please specify the difference between its operation and the principles:
As per the Company's Ethical Corporate Management Best Practice Principles, the Company shall not, directly or indirectly, provide, promise, request, or accept any improper benefits during the process of engaging in commercial activities, which is also the Company's business philosophy. Since the Company was established, we have never accepted suppliers' year-end gifts or sponsorships as the most basic principle of non-acceptance of any form of gift.</td></tr>
<tr><td colspan="5">VI. Other important information that facilitates the understanding of the company's ethical management
(e.g., reviewing and amending the company's corporate governance best practice principles): We have disclosed our Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct on the Company's website:
https://www.ece.com.tw/zh-tw/corporate-governance/rules</td></tr>
</table>

(VII) If the company has formulated the corporate governance best practice principles or relevant regulations, it shall disclose where to access it: The Company has formulated the Corporate Social Responsibility Best Practice Principles, please visit the Company's website at https://www.ece.com.tw/zh-tw/company-policies-and-aspects.

(VIII) Other important information that may facilitate the understanding of the operation of corporate governance:

1. Managers participate in training on corporate governance: The details are shown below.

Title	Name	Date of course		Organizer	Course title	Hours of course	Total hours of continuing education for this year
		From	To				
CEO	Liao Pen-Lin	2022/08/20	2022/08/20	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3	7.0
		2022/07/20	2022/07/20	Taiwan Stock Exchange	Sustainable Development Roadmap Industry Themed Seminars	2	
		2022/05/12	2022/05/12	Taiwan Stock Exchange	International Twin Peaks Online Forum	2	
President of the First Business Division	Hsu Min-Cheng	2022/08/20	2022/08/20	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3	8.0
		2022/07/20	2022/07/20	Taiwan Stock Exchange	Sustainable development Roadmap Industry Themed Seminars	2	
		2022/05/20	2022/05/20	Securities and Futures Institute	2022 Annual Insider Trading Prevention Seminar	3	
President of the Second Business Division	Liao Pen-Tien	2022/09/14	2022/09/14	Securities and Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policy for Business Operations	3	6.0
		2022/07/22	2022/07/22	Accounting Research and Development Foundation	ESG information disclosure trends and related regulations	3	

2. We have established the Procedures for Handling Material Inside Information, and we offer education and training on operating procedures and applicable laws and regulations to directors, managers, and employees at least once per year.

(IX) Implementation of the internal control system:

1. Statement of the Internal Control System: See page 44.
2. For those who appointed a CPA to review the internal control system, the CPA's review report shall be disclosed: None.

Excel Cell Electronic Co., Ltd.
Statement of Internal Control System

Date: March 8, 2023

The Company's internal control system for **2022** as per the results of our self-assessment is hereby declared as follows:

I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.

II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.

III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.

IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.

VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Company's Board of Directors on March 8, 2023. Among the nine directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Excel Cell Electronic Co., Ltd.

Chairman and President: Liao Pen-Lin (signature/seal)

(X) Any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or up to the publication date of this annual report, the main defects, and the improvements made: None.

(XI) Important resolutions by the shareholders' meeting and the Board of Directors in the most recent year and up to the publication date of the annual report:

1. Shareholders' meeting:

Type of meeting	Date	Major resolutions	Resolution results	Status of implementation
Shareholders' Meeting	2022/05/31	1. Adoption of the 2021 Business Report, Financial Statements, and Consolidated Financial Statements. (Proposed by the Board of Directors)	Vote for: 62,900,496 votes (of which 61,417,712 votes were cast by electronic means); vote against: 6,222 votes (of which 6,222 votes were cast by electronic means); abstentions: 7,048 votes (of which 7,048 votes were cast by electronic means). As the number of votes for exceeded that required by law, the proposal was adopted as proposed.	Executed according to the result of the resolution.
		2. Adoption of the proposal for distribution of 2021 profit. (Proposed by the Board of Directors)	Vote for: 62,907,296 votes (of which 61,424,512 votes were cast by electronic means); vote against: 3,422 votes (of which 3,422 votes were cast by electronic means); abstentions: 3,048 votes (of which 3,048 votes were cast by electronic means). As the number of votes for exceeded that required by law, the proposal was adopted as proposed.	Executed according to the result of the resolution, cash dividends were paid out on May 5, 2022 (Cash dividend of NT$0.6 per share).
		3. The amendment of “Articles of the Company.”	Vote for: 62,903,495 votes (of which 61,420,711 votes were cast by electronic means); vote against: 3,224 votes (of which 3,224 votes were cast by electronic means); abstentions: 7,047 votes (of which 7,047 votes were cast by electronic means). As the number of votes for exceeded that required by law, the proposal was adopted as proposed.	Executed according to the result of the resolution.
		4. The amendments of the “Procedures for the Acquisition and Disposal of Assets.”	Vote for: 62,903,229 votes (of which 61,420,445 votes were cast by electronic means); vote against: 3,490 votes (of which3,490 votes were cast by electronic means); abstentions: 7,047 votes (of which 7,047 votes were cast by electronic means). As the number of votes for exceeded that required by law, the proposal was adopted as proposed.	Executed according to the result of the resolution.

2. Board of Directors:

Type of meeting	Date	Major resolutions	Resolution results	Status of implementation
1st meeting in 2022	2022/03/09	1. Discussion of the proposal for the distribution of the 2021 employee remuneration and the directors' remuneration allocation.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution and reported to the 2022 general shareholders’ meeting.
		2. Discussion of the 2021 Business Report, Financial Statements, and Consolidated Financial Statements.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution and submitted to the 2022 general shareholders’ meeting for ratification.
		3. Discussion of the proposal for distribution of 2021 profit.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution and submitted to the 2022 general shareholders’ meeting for ratification.
		4. Discussion of the loan and financing line of Mega Bank – Loans for Returning Taiwanese Investors Project – Phase II investment plan.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution and reported to the 2022 general shareholders’ meeting.
		5. Discussion of the financing amount of bank.	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		6. Discussion of the amendment of “Corporate Governance Best Practice Principles.”	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		7. Discussion of the Company’s 2021 Internal Control System Statement.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		8. Discussion of the actual investment of unappropriated retained earnings.	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		9. Discussion of the amendments of "Articles of the Company".	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		10. Discussion of the amendments of "Procedures for Acquisition and Disposal of Assets".	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.

Type of meeting	Date	Major resolutions	Resolution results	Status of implementation
		11. Discussion of the partial amendment and rename of “Corporate social responsibility Best-Practice Principles” into “Sustainable Development Best Practice Principles".	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		12. Identification of key issues and action plans for sustainable development.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		13. Re-election of Directors and Independent Directors.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution and submitted to the 2022 general shareholders’ meeting for ratification.
		14. Acceptance of shareholders’ proposal and nomination of director (including independent director) candidates.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		15. Nomination and review of director candidates by the Board of directors.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		16. Release of the prohibition on new directors from participation in competitive business.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution and submitted to the 2022 general shareholders’ meeting for ratification.
		17. Discussion of the proposal of the date, place, and subjects to convening the 2022 general shareholders’ meeting.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution and the meeting to be held at 9 a.m. on May 31, 2022.
		18. Setting the ex-dividend record date.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution and set the ex-dividend record date on April 6, 2022.
2nd meeting in 2022	2022/05/04	1. Adoption of the 2022 Q1 financial statement.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		2. The details of the distribution of 2021 Directors' remuneration.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		3. The details of the distribution of 2021 Employee remuneration to managers.	When discussing and voting on this proposal, stakeholders recused themselves from the meeting; director Hsu Ching-Tao as the chair consulted the remaining directors present, who passed this proposal without objection as proposed.	Executed according to the result of the resolution.
		4. The details of Manager Performance Bonus Payment for January to April, 2022.	When discussing and voting on this proposal, stakeholders recused themselves from the meeting; director Hsu Ching-Tao as the chair consulted the remaining directors present, who passed this proposal without objection as proposed.	Executed according to the result of the resolution.
		5. Appointed Manager - General Management Office - President - Ms. Liao Yueh-Shiang’s retirement.	When discussing ant voting on this proposal, Ms. Liao Yuen-Shiang recused herself from the meeting, director consulted the remaining directors present, who passed this proposal without objection as proposed.	Executed according to the result of the resolution.
1st interim meeting in 2022	2022/05/31	1. Election of Chairman.	Director Liao Pen-Lin will be the chairman of the board for a term of three years from May 31, 2022 to May 30, 2025	Executed according to the result of the resolution.
		2. Election of Vice Chairman	Director Liao Pen-Lin will be the vice chairman of the board for a term of three years from May 31, 2022 to May 30, 2025	Executed according to the result of the resolution.
3rd meeting in 2022	2022/06/30	1. Appointment of the members of the remuneration committee.	The 5th Compensation Committee appointed four members including Hsu Ching-Tao, Chen Hsiang-Ning, Terry Chiang and Chiu Chuan-Tzu.	Executed according to the result of the resolution.
		2. Approval of personnel order for appointment of personnel	Liao Pen-Lin is the Chief Executive Officer of the Company Hsu Min-Cheng is the President of the First Business Division of the Company	Executed according to the result of the resolution.

Type of meeting	Date	Major resolutions	Resolution results	Status of implementation
			Liao Pen-Tien is the President of the Second Business Division of the Company Tsai Huai-Jen is the President of the Third Business Division of the Company Liao Yueh-Shiang is the General Administration Department President of the Company until her retirement date.	
		3. The amendment of "Related Party Transaction Management Practices".	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
4th meeting in 2022	2022/08/03	1. Adoption of the 2022 Q2 financial statement.	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		2. The amendments of "Regulations for the Administration of the Seal".	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		3. Purchase of the entire equity interest in Neocene. Technology (Suzhou) Co., Ltd. from SIMPLY SUCCESS INVESTMENTS LTD.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		4. Appointed Manager - General Management Office - President - Ms. Liao Yueh-Shiang's pension benefit.	When this motion was discussed and voted on, President Liao Yueh-Shiang withdrew from the meeting and recused herself. Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
5th meeting in 2022	2022/11/02	1. The details of Manager Performance Bonus Payment for May to August, 2022.	When discussing and voting on this proposal, stakeholders recused themselves from the meeting; director Hsu Ching-Tao as the chair consulted the remaining directors present, who passed this proposal without objection as proposed.	Executed according to the result of the resolution.
		2. Appointment of chief financial officer.	Appointed the Manager of Finance Department, Tsai Ti-Yi, as the chief financial officer of the Company	Executed according to the result of the resolution.
		3. Adoption of the 2022 Q3 financial statement.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		4. Discussion of the loan and financing line of Mega Bank - Loans for Returning Taiwanese Investors Project - Phase Il investment plan.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
6th meeting in 2022	2022/12/21	1.The 2023 Operating Plan	Passed by all present directors as proposed without objection after the chair consulted them.	Executed according to the result of the resolution.
		2. The details of the 2022 Manager's year-end bonus payment.	When discussing and voting on this proposal, stakeholders recused themselves from the meeting; director Hsu Ching-Tao as the chair consulted the remaining directors present, who passed this proposal without objection as proposed.	Executed according to the result of the resolution.
		3. The details of Manager Performance Bonus Payment for September to December, 2022.	When discussing and voting on this proposal, stakeholders recused themselves from the meeting; director Hsu Ching-Tao as the chair consulted the remaining directors present, who passed this proposal without objection as proposed.	Executed according to the result of the resolution.
		4. The proposal of the contribution of the 2023 employee and directors remuneration.	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		5. The 2023 Internal Audit Program.	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		6. Discussion of the audit engagement of Year 2023 Financial Statement Audit.	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		7. Amendments of "14212 Rules of the Procedures for Handling Material Internal Information".	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.

Type of meeting	Date	Major resolutions	Resolution results	Status of implementation
		8. Amendment of "13921 Regulations of Share Repurchase for Transfer to Employees ".	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		9. Amendments of "14213 Rules of the Financial statement preparation process management operations ".	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		10.Amendments of "13931 Compensation Committee Organizational Procedures".	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		11. Appointment of Chief Accounting Officer	Appointed the vice manager of the finance department, Chiang Yu Chang, as the chief accounting officer of the Company.	Executed according to the result of the resolution.
		12. Discussion of the loan and financing line of E.SUN Bank - Loans for Returning Taiwanese Investors Project- Phase II investment plan.	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.
		13.Discussion of Cathay United Bank's Loan Commitments.	Passed by all present directors as proposed without objection after the chair consulted them	Executed according to the result of the resolution.

(XII) During the most recent year and up to the date publication of this annual report, if the directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

(XIII) Summary of the Resignation and Dismissal of the Company's Chairman, General Manager, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, or R&D Officer during the most recent year:

April 2, 2023

Title	Name	Date elected	Date Terminated	Reasons for resignation or termination
Chief Finance Officer	Liao Yueh-Shiang	2001.09.17	2022.08.31	Retirement
Chief Finance Officer	Tsai Ti-Yi	2022.11.12		Newly appointed
Chief Accounting Officer	Tsai Ti-Yi	2007.08.23	2022.12.21	Change of internal duties
Chief Accounting Officer	Chiang Yu Chang	2022.12.21		Newly appointed

V. Information on CPA's audit fees

Name of accounting firm	Name of CPA		Audit period	Remark
Deloitte & Touche	Su Ting-Chien	Tai Hsin-Wei	2022.01.01-12.31	

Information on CPA's audit fees

Unit: NT$ thousand

Name of accounting firm	Name of CPA		Audit period	Audit fees	Non-audit fees	Total	Remark
Deloitte & Touche	Su Ting-Chien	Tai Hsin-Wei	2022.01.01-12.31	2,760	262	3,022	Note 1

Note 1: Non-audit fees are the expenses for the audit of the investment offset of unappropriated earnings and transfer of pricing.

V~I. The assessment of the independence of the CPAs

(I) We assess the independence and suitability of CPAs at least once per year by evaluating the indicators: scale and reputation of the accounting firm; the number of consecutive years of provision of the audit services; the nature and extent of non-audit services provided; audit fees; peer-to-peer evaluation results; the fact that whether it is involved in any legal proceedings; corrections by the competent authorities, or investigation cases, audit service quality; regular training; interaction with the management team or and the chief internal auditor, while requesting it to provide relevant materials and statements. The Board of Directors assesses such indicators and materials accordingly. The assessment results for the most recent one years were completed on December 21, 2022, respectively.

(II) The criteria for the assessment of the independence of the CPAs:

	Evaluation indicator	Results		
1	Did the CPA serve as the Company during the two years before working as a CPA?	□ Yes	■ No	□ N/A
2	Does the CPA hold shares in the Company?	□ Yes	■ No	□ N/A
3	Is the CPA involved in the lending of funds to or from the Company?	□ Yes	■ No	□ N/A
4	Does the CPA do a day-to-day job at the Company concurrently and receive a fixed salary?	□ Yes	■ No	□ N/A
5	Is the CPA involved in joint investment or profit sharing with the Company?	□ Yes	■ No	□ N/A
6	Is the CPA involved in the management of the Company's decision-making process?	□ Yes	■ No	□ N/A
7	Is the CPA a spouse, lineal relative by blood, direct relative by marriage, or relative within the fourth degree of kinship of any of the Company's directors and management personnel?	□ Yes	■ No	□ N/A
8	Did the CPA borrow another party’s license audit the Company's documents?	□ Yes	■ No	□ N/A
9	Does the CPA keep strictly confidential the Company's secrets obtained when carrying out the tasks assigned by the Company?	■Yes	□No	□ N/A
10	Is the CPA’s remuneration lower than their predecessor?	□ Yes	□No	■ N/A
11	Are the CPA’s professional services aligned with the Company’s current needs?	■Yes	□No	□ N/A
Conclusion	■ The CPAs Su Ting-Chien and Tai Hsin-Wei currently appointed are not involved in the circumstances affecting their independence, so we decided to appoint them.			
	□ The CPAs currently appointed are involved in the circumstances affecting their independence, so we decided to replace them.			

VI. Replacement of CPAs

(I) Former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="4">2021.11.03</td></tr>
<tr><td>Reason for replacement</td><td colspan="4">Due to Deloitte & Touche’s internal adjustment, starting from the third quarter of 2021, the Company's financial statement CPAs Su Ting-Chien and Yen Hsiao-Fang were replaced with Su Ting-Chien and Tai Hsin-Wei.</td></tr>
<tr><td rowspan="3">Client’s termination of or CPA’s refusal to the appointment</td><td colspan="2">Party concerned / Situation</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Termination of the appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td colspan="2">Refusal to the (continuous) appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>The opinion of the audit report other than the unqualified opinion issued within the latest two years and the reasons</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="6">Disagreement with the company</td><td>Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td></td><td colspan="2">Disclosures in financial statements</td></tr>
<tr><td></td><td></td><td colspan="2">Auditing scope or steps</td></tr>
<tr><td></td><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3"></td></tr>
<tr><td colspan="4">N/A</td></tr>
<tr><td>Other matters to be disclosed (matters that should be disclosed under Article 10, subparagraph 6, items 1-4–1-7 of the Regulations)</td><td colspan="4">None</td></tr>
</table>

(II) Successors

Name of accounting firm	Deloitte & Touche
Name of CPA	Su Ting-Chien and Tai Hsin-Wei
Date of appointment	2021.11.03
Consultation regarding accounting treatment methods or accounting principles for specific transactions and possible opinions issued for financial statements and results before appointment	Not available
Successors' different written opinions from the predecessors'	N/A

(III) Reply from the former CPAs to the matters under Article 10, subparagraph 6, items 1 and 2-3 of the Regulations. N/A

VII. The Chairman, the President, chief financial officer, or chief accounting officer, who has been employed by the accounting firm or its affiliates during the most recent year:
None.

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer or shareholder with a stake of more than 10% during the most recent fiscal year up to the date of publication of the annual report.

Unit: share

Title (Note 1)	Name	2022		Current year up to April 2, 2022	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (Decrease) in Shares Held	Increase (decrease) in the number of shares pledged
Chairman	Liao Pen-Lin	-	-	-	-
Director	Hsiao Teng-Tang	-	-	-	-
Director	Liao Pen-Tien	-	-	-	-
Director	Liao Yueh-Shiang	-	-	-	-
Director	Hsu Min-Cheng	-	-	-	-
Independent director	Hsu Ching-Tao	-	-	-	-
Independent director	Liu Chin-Chin	-	-	-	-
Independent director	Terry Chiang	-	-	-	-
Independent director	Chiu Chuan -Tzu				

Note 1: Shareholders each holding more than 10% of the Company's total issued shares shall be marked as major shareholders and listed separately.
Note 2: If the counterparty of a transfer of equity interests or pledge is a related party: None.

IX. Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another as specified in IFRS 6.

April 2, 2023

Name	Shareholding of the individual		Shares Held by Spouse or Minors		Total shareholding by nominee arrangement		Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another as specified in IFRS 6 names.		Remark
	Number	Shareholding (%)	Number	Shareholding (%)	Number	Shareholding (%)	Title (or name)	Relationship	
Guangna Investment Co., Ltd.	9,065,682	8.31%	-	-	-	-	-	-	
Person in charge: Liao Yi-Kuan	1,910,515	1.75%	-	-			Liao Pen-Lin Chen Kuei-Hsiang	Father Mother	
Liao Pen-Lin	7,339,548	6.72%	3,642,450	3.34%	-	-	Chen Kuei-Hsiang Liao Yi-Kuan	Couple Child	
Hsiao Teng-Tang	6,745,729	6.18%	4,206,001	3.86%	-	-	Pai Chin-Yi	Couple	
Guangda Investment Co., Ltd.	5,503,403	5.04%	-	-	-	-	-	-	
Person in charge: Chen Meng-Chu	388,513	0.36%	-	-					
Pai Chin-Yi	4,206,001	3.86%	6,745,729	6.18%	-	-	Hsiao Teng-Tang	Couple	
Pai Ho Investment Co.,Ltd.	3,786,014	3.47%	-	-	-	-	-	-	
Person in charge: Liao Yi-Mien	743,129	0.68%					-	-	
Chen Kuei-Hsiang	3,642,450	3.34%	7,339,548	6.72%	-	-	Liao Pen-Lin Liao Yi-Kuan	Couple Child	
Liao Yi-Kuan	1,910,515	1.75%	-	-	-	-	Liao Pen-Lin Chen Kuei-Hsiang	Father Mother	
Chang Hung-Kai	1,676,134	1.54%					Chang Hung-Kai	Brothers	
Chang Hung-Hao	1,665,244	1.53%	-	-	-	-	Chang Hung-Hao	Brothers	

X. The total number of shares held and the consolidated shareholdings in any single investee by the Company, its directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company: None

Unit: Share; %; December 31, 2022

Investee (Note)	Investment by the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Combined investment	
	Number	Shareholding	Number	Shareholding	Number	Shareholding
Pacer Technology Co., Ltd.	1,919,600	80%	74,000	3%	1,993,600	83%
E.C.E. (USA)	2,500	100%			2,500	100%
Fuzetec Technology Co., Ltd.	9,044,406	24%	127,761	1%	9,172,167	25%
Fengchuang Investment Co., Ltd. (Samoa)	11,650,000	100%	-	-	11,650,000	100%
Good Sky Electric Co., Ltd.	100,000	100%	-	-	100,000	100%
GOOD SKY Malaysia	375,163	100%	-	-	375,163	100%
SIMPLY Success	2,820,000	100%	-	-	2,820,000	100%

Note: It is an investment made by the Company using the equity method.

IV. Capital and Shares

I. Capital and shares

(I) Source of share capital

1. The formation of share capital

April 2, 2023

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remark		
		Number	Amount (NTD)	Number of shares	Amount (NTD)	Source of share capital	Capital increased by assets other than cash	Others
192002/05	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash capital increase	---	---
1994/11	10	15,000,000	150,000,000	15,000,000	150,000,000	Cash capital increase by NT$50 million	---	---
192008/10	10	24,500,000	245,000,000	24,500,000	245,000,000	Cash capital increase by NT$50 million Capitalization of earnings to increase the capital by NT$30 million Capitalization of capital surplus to increase the capital by NT$15 million	---	Per Letter (1997)-Tai-Cai-Zeng No. 75514 dated 1997.10.17
1998/06	10	31,850,000	318,500,000	31,850,000	318,500,000	Capitalization of earnings to increase the capital by NT$61.25 million Capitalization of capital surplus to increase the capital by NT$12.25 million	---	Per Letter (1998)-Tai-Cai-Zeng No. 47492 dated 1998.6.1
192010/06	10	60,000,000	600,000,000	41,405,000	414,050,000	Capitalization of earnings to increase the capital by NT$79.625 million Capitalization of capital surplus to increase the capital by NT$15.925 million	---	Per Letter (1999)-Tai-Cai-Zeng-(I) No. 49702 dated 1999.6.1
2000/06	10	60,000,000	600,000,000	58,967,500	589,675,000	Cash capital increase by NT$50 million Capitalization of earnings to increase the capital by NT$92.501 million Capitalization of capital surplus to increase the capital by NT$33.124 million	---	Per Letter (2000)-Tai-Cai-Zeng-(I) No. 43095 dated 2000.5.25 Per Letter (2000)-Tai-Cai-Zeng-(I) No. 43093 dated 2000.5.18
2001/08	10	134,000,000	1,340,000,000	78,953,875	789,538,750	Cash capital increase by NT$50 million Capitalization of earnings to increase the capital by NT$126.277 million Capitalization of capital surplus to increase the capital by NT$23.587 million	---	Per Letter (2001)-Tai-Cai-Zeng-(I) No. 120015 dated 2001.04.25 Per Letter (2001)-Tai-Cai-Zeng-(I) No. 126712 dated 2001.05.17
2002/10	10	134,000,000	1,340,000,000	84,034,407	840,344,070	Capitalization of earnings to increase the capital by NT$50.805 million	---	Per Letter Tai-Cai-Zeng-(I) No. 0910136308 dated 2002.07.03
2004/06	10	134,000,000	1,340,000,000	107,297,766	1,072,977,660	Consolidated capital increase by NT$232.63 million	---	Per Letter Tai-Cai-Zeng-(I) No. 0930116546 dated 2004.05.25
2004/09	10	134,000,000	1,340,000,000	117,941,807	1,179,418,070	Capitalization of earnings to increase the capital by NT$106.44 million	---	Per Letter Tai-Zeng-Shang No. 0930021708 dated 2004.08.20
2004/11	10	134,000,000	1,340,000,000	115,440,807	1,154,408,070	Cancellation of treasury shares to reduce the capital by NT$25.01 million	---	Per Letter Jin-Guan-Zeng-III No. 0930150456 dated 2004.11.03
2007/3	10	134,000,000	1,340,000,000	116,344,807	1,163,448,070	Capitalization of employee stock warrants to increase the capital by NT$9.04 million	---	Per Letter Tai-Zeng-Shang No. 09600072691 dated 2004.03.29
2007/6	10	134,000,000	1,340,000,000	116,660,807	1,166,608,070	Capitalization of employee stock warrants to increase the capital by NT$3.16 million	---	Per Letter Tai-Zeng-Shang No. 09600160141 dated 2007.06.25
2007/9	10	134,000,000	1,340,000,000	116,752,807	1,167,528,070	Capitalization of employee stock warrants to increase the capital by NT$0.92 million	---	Per Letter Tai-Zeng-Shang No. 09600324271 dated 2007.11.1
2007/12	10	134,000,000	1,340,000,000	116,804,807	1,168,048,070	Capitalization of employee stock warrants to increase the capital by NT$0.52 million	---	Per Letter Tai-Zeng-Shang No. 09600379721 dated 2007.12.27
2008/2	10	134,000,000	1,340,000,000	116,908,807	1,169,088,070	Capitalization of employee stock warrants to increase the capital by NT$1.04 million	---	Per Letter Tai-Zeng-Shang No. 09700039951 dated 2008.2.19
2008/7	10	134,000,000	1,340,000,000	116,965,807	1,169,658,070	Capitalization of employee stock warrants to increase the capital by NT$0.57 million	---	Per Letter Tai-Zeng-Shang No. 09700175511 dated 2008.7.4
2010/03	10	134,000,000	1,340,000,000	117,137,807	1,171,378,070	Capitalization of employee stock warrants to increase the capital by NT$1.72 million	---	Per Letter Tai-Zeng-Shang No. 09900083491 dated 2010.4.6
2010/05	10	134,000,000	1,340,000,000	117,224,807	1,172,248,070	Capitalization of employee	---	Per Letter Tai-Zeng-Shang No.

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remark		
		Number	Amount (NTD)	Number of shares	Amount (NTD)	Source of share capital	Capital increased by assets other than cash	Others
						stock warrants to increase the capital by NT$0.87 million		09900116601 dated 2010.5.5
2010/08	10	134,000,000	1,340,000,000	117,299,807	1,172,998,070	Capitalization of employee stock warrants to increase the capital by NT$0.75 million	---	Per Letter Tai-Zeng-Shang No. 09900255291 dated 2010.8.27
2010/12	10	134,000,000	1,340,000,000	117,629,807	1,176,298,070	Capitalization of employee stock warrants to increase the capital by NT$0.37 million	---	Per Letter Tai-Zeng-Shang No. 09900394961 dated 2010.12.31
2011/03	10	134,000,000	1,340,000,000	117,884,807	1,178,848,070	Capitalization of employee stock warrants to increase the capital by NT$0.255 million	---	Per Letter Tai-Zeng-Shang-I No. 10000098481 dated 2011.04.01
2011/07	10	134,000,000	1,340,000,000	117,964,807	1,179,648,070	Capitalization of employee stock warrants to increase the capital by NT$0.8 million	---	Per Letter Tai-Zeng-Shang-I No. 10000213341 dated 2011.07.01
2011/07	10	134,000,000	1,340,000,000	117,586,807	1,175,868,070	Cancellation of treasury shares to reduce the capital by NT$37.80 million	---	Per Letter Tai-Zeng-Shang-I No. 10000213351 dated 2011.07.01
2011/09	10	134,000,000	1,340,000,000	117,649,807	1,176,498,070	Capitalization of employee stock warrants to increase the capital by NT$0.63 million	---	Per Letter Tai-Zeng-Shang-I No. 10000307631 dated 2011.09.01
2011/09	10	134,000,000	1,340,000,000	116,411,807	1,164,118,070	Cancellation of treasury shares to reduce the capital by NT$123.8 million	---	Per Letter Tai-Zeng-Shang-I No. 10000307621 dated 2011.09.01
2012/01	10	134,000,000	1,340,000,000	113,333,807	1,133,338,070	Cancellation of treasury shares to reduce the capital by NT$307.80 million	---	Per Letter Tai-Zeng-Shang-I No. 10100012131 dated 2012.01.18
2015/11	10	134,000,000	1,340,000,000	111,706,807	1,117,068,070	Cancellation of treasury shares to reduce the capital by NT$16.27 million	---	Jing-Shou-Shang No. 10401250120 dated 2015.11.25
2016/04	10	134,000,000	1,340,000,000	110,618,807	1,106,188,070	Cancellation of treasury shares to reduce the capital by NT$1 0.88 million (cancellation was completed on 2016.04.14)	---	Jing-Shou-Shang No. 10501063820 dated 2016.04.06
2020/07	10	134,000,000	1,340,000,000	109,093,807	1,090,938,070	Cancellation of treasury shares to reduce the capital by NT$15.25 million		Jing-Shou-Shang No. 10901117260 dated 2020.07.03

2. Types of shares:

April 2, 2023

Types of shares	Authorized Capital			Remark
	Number of shares issued (Note)	Number of shares unissued	Total	
Registered ordinary shares	109,093,807 (issued)	24,906,193	134,000,000	A total of 5,100,000 shares in the authorized share capital are shares converted from the employee stock warrants.

Note: Please indicate if the stock is a TWSE or TPEx listed stock (if it is prohibited from listing on TWSE or TPEx, it shall be indicated).

(II) Shareholder structure

April 2, 2023

Shareholder structure / Quantity	Government agencies	Financial institutions	Other juridical persons	Natural persons	Foreign institutions and natural persons	Total
Number of persons	-	2	21	7,376	30	7,429
Increase (Decrease) in Shares Held	-	10,809	20,991,396	86,295,942	1,795,660	109,093,807
Shareholding	-	0.01	19.24	79.10	1.65	100

(III) Equity dispersion

Par value of NT$ ten per share April 2, 2023

Shareholding range	Number of shareholders	Number of shares held	Shareholding %
1–999	1,714	282,332	0.26
1,000–5,000	4,288	8,963,127	8.22
5,001–10,000	691	5,598,312	5.13
10,001–15,000	198	2,589,062	2.37
15,001–20,000	151	2,833,981	2.60
20,001–30,000	112	2,937,378	2.69
30,001–40,000	59	2,135,074	1.96
40,001–50,000	48	2,226,382	2.04
50,001–100,000	80	5,817,186	5.33
100,001–200,000	29	4,153,273	3.81
200,001–400,000	29	8,067,512	7.40
400,001–600,000	7	3,434,225	3.15
600,001–800,000	2	1,428,129	1.31
800,001–1,000,000	4	3,649,382	3.33
More than 1,000,001 (can be further divided depending on the situation)	17	54,978,452	50.40
Total	7,429	109,093,807	100.00

(IV) List of major shareholders

April 2, 2023

Shares Names of major shareholders	Number of shares held	Shareholding %
Guangna Investment Co., Ltd.	9,065,682	8.31%
Liao Pen-Lin	7,339,548	6.72%
Hsiao Teng-Tang	6,745,729	6.18%
Guangda Investment Co., Ltd.	5,503,403	5.04%
Pai Chin-Yi	4,206,001	3.86%
Pai Ho Investment Co.,Ltd.	3,786,014	3.47%
Chen Kuei-Hsiang	3,642,450	3.34%
Liao Yi-Kuan	1,910,515	1.75%
Chang Hung-Kai	1,676,134	1.54%
Chang Hung-Hao	1,665,244	1.53%

(V) Market price, net asset value, earnings, and dividends per share and relevant information in the most recent two years

Unit: NT$ thousand

Item \ Year			2022	2021	Current year up to March 31, 2023 (Note 8)
Market price per share (Note 1)	Highest		32.80	21.50	27.60
	Lowest		21.90	14.25	23.90
	Average		24.88	19.08	25.77
Net asset value per share (Note 2)	Before distribution		23.88	23.27	23.01
	After distribution		22.88	22.27	23.01
Earnings per share	Weighted average number of shares		109,094,000 shares	109,094,000 shares	109,094,000 shares
	Earnings per share (Note 3)		1.54	1.4	(0.04)
Dividends per share	Cash dividends		1	1	—
	Stock dividends	Stock dividends from earnings	—	—	—
		Stock dividends from capital surplus	—	—	—
	Cumulative unpaid dividends (Note 4)		-	-	—
Analysis of return on investment	Price to earnings ratio (before adjustment) (Note 5)		16.16	16.41	—
	Price to earnings ratio (after adjustment)		16.16	16.41	—
	Price-dividends ratio (Note 6)		24.88	22.98	—
	Cash dividend yield (Note 7)		4.02	4.35	—

*In the case of capitalization of earnings or capital surplus for dividends, the information on the market price and cash dividends retrospectively adjusted depending on the number of issued shares shall be disclosed.

Note 1: The highest and lowest market prices of ordinary shares in each year shall be listed, and the average market price for each year calculated as per the transaction value and volume for each year.

Note 2: The number of issued shares at the end of each year shall prevail, and fill out the table as per the resolutions adopted by board meetings or the shareholders' meeting in the following year.

Note 3: If retrospective adjustment is required due to stock dividends paid out, the earnings per share before and after the adjustment shall be listed.

Note 4: If the undistributed dividends for a year may be accumulated and not be distributed until a year with earnings available as stipulated in the equity securities regulations, the cumulative unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price to earnings ratio = Average closing price per share for the year/earnings per share.

Note 6: Price to dividend ratio = Average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = Case dividend per share/average closing price per share for the year.

Note 8: The book value per share and earnings per share audited (reviewed) by the CPAs up to the most recent quarter prior to the publication date of this annual report shall be entered; the information for other fields up to the year, in which this annual report is published, shall be entered.

(VI) The Company's dividend policy and implementation

1. Details of major changes in the dividend policy, implementation, and expectations:

   (1) As per the Articles of Incorporation:

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

   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.

   (2) The Company has distributed cash dividends every year since 2004. We will maintain a stable and sustainable dividend policy and consider increasing the cash dividend per share when the discretionary funds are sufficient to pay out dividends in the same amount as the prior year. The Company's 2022 cash dividends were approved by the supermajority resolution of the Board of Directors on March 08, 2023. It was proposed to pay out cash dividends at NT$1 per share, and the ex-dividend record date was April 6, 2022 and the payout was completed on May 4, 2023 and reported to the general shareholders' meeting on May 31, 2023.

   (3) The Company's dividend policy: We allocate 70% or more of the annual earnings as dividends, of which cash dividends to be paid out will not be lower than 10%.

2. The distribution of dividends proposed at the shareholders' meeting: N/A.
3. Details of any expected major changes in the dividend policy: None.

(VII) The influence of the stock dividend proposed at the shareholders' meeting on the Company's operating performance, earnings per share, and return on shareholders' investment: None.

(VIII) Employee bonuses and directors' remuneration:

1. The percentage of the profit for or scope of employee remuneration and directors' and supervisors' remuneration as stated in the Company's Articles of Incorporation: We proceeded as per the dividend policy under Article 29 of the Articles of Incorporation. See (VI) for details.
2. The basis for the estimation of employee remuneration and directors' and supervisors' remuneration in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount. As per the Company's Articles of Incorporation, we distributed no lower than 1% and no higher than 2% of this year's pre-tax income (before employee remuneration and directors' remuneration are deducted) as employee remuneration and directors' remuneration, respectively. The estimated 2022 employee remuneration amounted NT$8,302 thousand and the directors' and supervisors' remuneration amounted to NT$4,151 thousand, which were estimated at 4% and 2% of said pre-tax income, respectively, and the amounts were paid out in cash by the resolution of the Board of Directors on March 8, 2023.
3. The distribution of remuneration approved by the Board of Directors: We proposed to pay out NT$8,302 thousand for employee remuneration and NT$4,151 thousand for directors' and supervisors' remuneration, which were the same as the estimated amounts in the financial statements. The imputed earnings per share after the proposed amounts of employee remuneration and directors' and supervisors' remuneration were considered: NT$1.40. The amount of employee remuneration in stock as a percentage of the sum of the net income after tax as in the parent company-only or individual financial statements for this period and the total employee dividends for this period: None.
4. The distribution of the prior year's employee remuneration and directors' and supervisors' remuneration: We proposed to pay out NT$7,876 thousand in cash for employee remuneration and NT$3,938 thousand for

directors' and supervisors' remuneration for 2021, which were the same as the amounts approved by the Board of Directors.

(IX) The repurchase of the Company's shares: None.

II. Issuance of corporate bonds

None.

III. preference shares

None.

IV. Issuance of depository receipts

None.

V. Issuance of employee stock warrants

None.

VI. Issuance of new restricted employee shares

None

VII. Issuance of new shares due to M&A or transfer of shares of another company

None.

(I) Where the issuance of new shares due to M&A or transfer of shares of another company was completed in the most recent year and up to the publication date of this annual report, the following information shall be disclosed: None.

(II) Where the issuance of new shares due to M&A or transfer of shares of another company was approved by the Board of Directors in the most recent year and up to the publication date of this annual report, the implementation situation and the basic information on the merged or transferrer shall be disclosed: None.

VIII. Fund application plan execution

None.

(I) The content of the plan: None.

(II) Implementation of the plan: None.

Five. Overview of Operations

I. Business scope

(I) Business scope

1. Details of the Company's main business scope:
   (1) CC01080 Electronics Components Manufacturing.
   (2) Manufacture of Batteries and Accumulators.
   (3) Watches and Clocks Manufacturing.
   (4) CC01110 Computer and Peripheral Equipment Manufacturing.
   (5) Other Machinery Manufacturing.
   (6) Metal Forging.
   (7) Other Metal Products Manufacturing.
   (8) Industrial Plastic Products Manufacturing.
   (9) International Trade.
   (10) All business items that are not prohibited or restricted by law, except those that are subject to special approval.
2. Proportion of business:

Unit: NT$ thousand

Year / Product	2020		2021		January–March 2023	
	Amount (in NTD thousands)	Percentage	Amount (in NTD thousands)	Percentage	Amount (in NTD thousands)	Percentage
Semiconductor	615,213	35%	902,725	41%	243,267	43%
Electronic components	644,977	36%	752,804	34%	200,408	35%
Relays	327,975	18%	260,127	11%	71,470	12%
Stepping motors	191,950	11%	309,939	14%	56,656	10%
Total	1,780,115	100%	2,225,595	100%	571,801	100%

3. The Company's existing products (services):
   (1) Semiconductor
   (2) Electronic components: (a) DIP switches; (b) terminal blocks; (c) connectors
   (3) Relays
   (4) Stepping motors
4. New products to be developed:
   (1) Lead Frame for Semiconductor Industry
      A. The global carbon reduction policy has accelerated the development of the new energy vehicle market, and the demand for related automotive electronic components has also increased. Our Semiconductor Division is actively expanding the development of lead frames for semiconductors to meet the growing market demand.
      B. The development trend of smaller and more efficient electronic products has brought about the demand for heat dissipation of high-computing components. In the future, the Company will focus on the research and development of heat spreader products.
      C. In the future, labor costs will continue to increase, which will directly affect the profitability of products. In order to reduce the manufacturing cost of products, the plan to build an automated production line is also accelerating.

(2) Electronic components

A. Product development of coding switches, terminal blocks, industrial control switches, and trigger switches for AI industry/automotive/lighting/industrial electronics/power hand tool applications.

B. Product development of patented terminal blocks for quick connect terminals for industrial electrical and mechanical equipment applications.

C. Product development of electric hand tool trigger switch (Hall element induction type).

D. The lightweight and small 25*35mm contact block series for industrial control switches were developed.

E. The lightweight and small quick release safety lock with switch holder series for industrial control switches were developed.

F.We continued to acquire photocouple relay production equipment to enhance production capacity.

G. We continued to upgrade the electromechanical relay with high current specifications.

H.We continued to purchase automatic production equipment for electromechanical relays and expand the production line in Taiwan.

I.We continued to develop high GAP specifications for electromechanical relays to meet the needs of the green energy industry.

(3) Stepping motors

A. 28*28 HB type servo motor and control circuit

B. 42*42 HB type servo motor and control circuit and software.

C. PM type stepping motor with built-in gear box.

D. Automotive expansion valve

E. PM type stepping motor for medical use

(II) Industry overview

1. The situation and development trends of the industry:

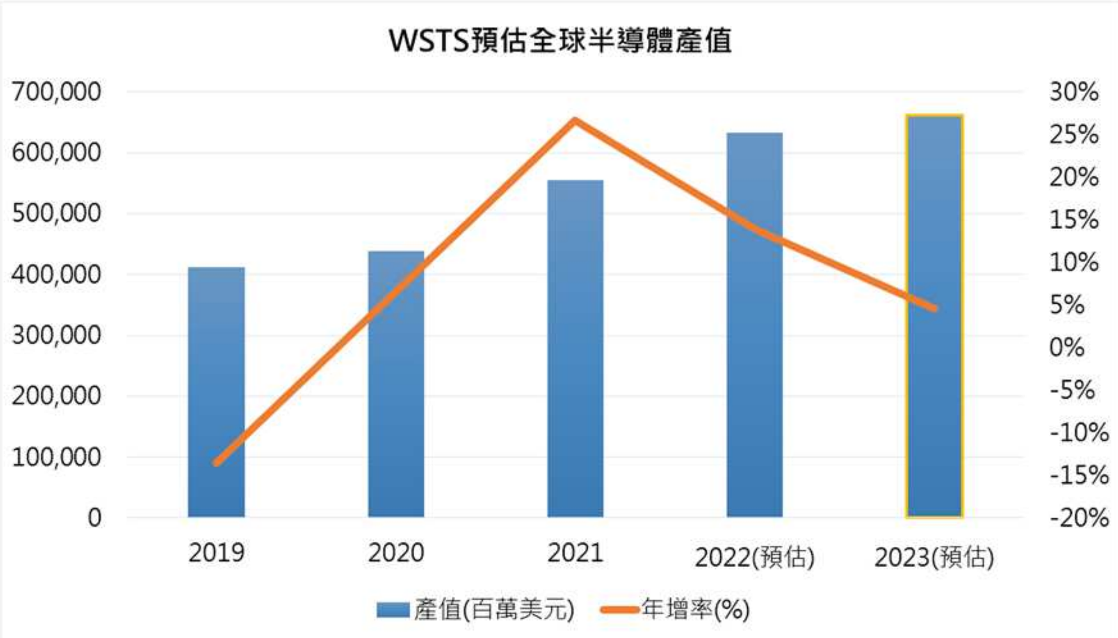
(1) DIP switches, relays, and terminal blocks: They are mechanical components in electronic components and mainly used in the electronic and the communications industries and information products. In the early 1980s, the electronics industry grew rapidly, and DIP switches, relays, and terminal blocks mostly relied on imports from the United States and Japan due to the under-developed technologies in the domestic industry. However, due to continuous investment in R&D and quality improvements by domestic companies in recent years, the DIP switches, relays, and terminal blocks produced domestically not only meet the domestic companies' requirement but are increasingly exported due to their competitive quality and prices. They are mainly used in electronic components in the industries of computers and peripheral products, wireless communications products, wired communications products, network products and peripherals, and security system products. The reliability requirements for such products is very high. As the electronic industry has made tremendous progress in the application of equipment and the surface mount technology (SMT), the new generation of electronic products is not only stronger and stable but also becoming more lightweight, thinner, shorter, and smaller in size. Therefore, relevant components should also be developed toward this direction. Therefore, miniaturization and SMT will be the development trend in the future.

(2) Connectors: Electronic connectors refer to all connectors and accessories used in connecting electronic signals and power. In terms of electronic packaging, connectors are components to interconnect electronic equipment as bridges between all electronic signals. The quality of connectors affects not only the reliability of current and signal output but the operations of electronic equipment. In terms of end products, the connectors can be roughly used in the computer and peripheral industry (mainly applied to information products, such as personal computers and notebooks), the communications industry (mainly used in mobile phones and optical fiber communications), the automobile and transportation industry (mainly used in various automobiles and scooters), the aerospace industry (used in various aircrafts), and other industries (used in consumer electronics products, instruments and equipment, OA equipment, and industrial equipment). Thus, its importance cannot be underestimated. As terminal end products are developed to be short, thin, and lightweight with high-frequency and high-speed transmission, connectors are developed to be fine pitch, SMT, composite, low profile, lightweight, with standard specifications adopted.

(3) Lead Frame for Semiconductor Devices: Semiconductor lead frame, also known as lead frame, flower frame, bracket, etc., is mainly used to support wafers and connect electronic components to external circuits, and is one of the indispensable raw materials for the three major materials in the semiconductor packaging industry (lead frame, gold wire and package resin). The terminal

products are widely used in the fields such as new energy vehicles, fuel cars, energy-saving home appliances, 3C products, PCs, industrial computers, medical equipment and consumer electronics.
Heat spreaders, also known as Vapor chamber, heat sinks, etc, mainly serve to transfer the high heat energy from the IC chip to the outside by means of surface contact, which can solve the problem of a shortened life due to overheating in the future development of 3C electronic products with smaller sizes and greater efficiency. The terminal products are used in the fields of high-speed computing servers, base stations, automotive electronics, 3C products, PCs and industrial computers.

WSTS (World Semiconductor Trade Statistics) has revised its 2022 global semiconductor production estimate from 16.3% growth to 13.9%, and expects global semiconductor's value of production to reach US$63.3 billion in 2022, including 24.1% growth in logic ICs, 21.9% growth in analog ICs, and 16.6% growth in sensors; Asia Pacific, the largest demand market, is estimated to grow by 10.5%, the Americas by 23.5%, Europe by 14.0%, and Japan by 14.2%. WSTS estimates that global semiconductor production will reach US$662 billion in 2023, and the total market size will continue to reach a record high, with logic ICs estimated to reach US$200 billion in 2023, accounting for approximately 30% of the total market.



資料來源：WSTS（世界半導體貿易統計組織）；百容電子整理

(4) Stepper motor: It is a typical motion control motor as an executive component in an information and automated control system. Stepping motors feature many advantages, such as a brushless structure; higher reliability than traditional motors; easiness to start, stop, and reverse; fast real-time response; self-locking upon stopping; torque maintenance.
At present, stepping motors are applied in a wide range of fields, such as office automation, factory automation, medical devices, measuring instruments, bank ATMs, automobiles, entertainment equipment, and communications equipment. The emerging industries, such as 3D printing, solar power generation systems, and automotive motor applications, have created new markets.
Development trends and prospect
The future development of stepping motors is from open loop to closed loop. In addition to the combination with a gearbox to provide deceleration and increase torque, it can be integrated with a driver and an integrated servo system. The development of the integration and the combination with the brushless DC motor (BIDCM) are two important trends. At present, closed-loop control have been adopted for all stepping motors gradually with the functions of servo motors. In the future, stepping motors will be smaller in size, better in performance, and more cost-effective, and will be widely used in home robots and household smart equipment.
With the increased industrial automation level, the demand for stepping motors in emerging economies is rising day by day. Stepping motors have increasingly penetrated into many fields, such as computers, communications equipment, office automation, industrial automation, banking equipment, and automobiles. In the future, many manufacturing and application fields involving people's daily life will continue to upgrade, while new industries will continue to emerge, which will lead to new demand for stepping motors.

2. Global semiconductor development status and trends:

(1) Overall industry overview:

Global semiconductor sales reached US$580.1 billion in 2022, benefiting from the continued expansion of the market driven by technological innovations such as 5G, AI and high-performance computing, as well as the steady increase in semiconductor content in end-use products such as automotive and Internet of Things (IoT). However, due to the sluggish pattern of global consumption, customer inventories remain at a high level, making it difficult to smoothly liquidate, which in turn slows down the momentum of pulling goods, thus slowing down the annual growth rate to 4.4%.

(2) Future outlook:

Although emerging markets such as 5G, Internet of Things (IoT) and AI are still growing steadily, which helps customers to maintain a solid momentum of pulling goods, not to mention that Taiwan still maintains its global leading position in terms of technological innovation and production capacity scale; However, the war between Russia and Ukraine continues to spread, and global inflationary pressure remains high, causing the global economy to continue to perform weakly, and it is expected that the problem will not be fully resolved in the first half of 2023. As a result, the sales of end products may not be able to recover and customers will continue to adjust their inventories. Thus, it is expected that the industry's performance will show a slight decline in the first half of 2023.

3. The relations between the up-, mid-, and downstream industries:

Regarding raw materials for DIP switches and relays in the upstream industry, the main raw materials are from the plastics and metal processing industries. Among them, plastic parts and copper material parts are mainly manufactured by outsourced manufacturers, but the main part of the relay: the magnetic and reed switches are imported from abroad; the downstream industries to which products are sold include the home appliances, precision instrument, security and anti-theft system, communications, and computer peripheral industries.

As for the raw materials for terminal blocks, the upstream industry is the same as that of the DIP switches and reed relays, and the downstream industries include the home appliances, security and anti-theft system, precision instrument, and consumer electronics industries, as well as switching power supply, motor controller, and other electrical industries.

As for the raw materials for connectors, the upstream industries are mainly the plastic and the metal processing industries. Downstream industries mainly include the computer and peripherals, communications, automobile and transportation, aerospace, and consumer electronics industries.

As for the raw materials for stamped parts for lead frames, the upstream industries are mainly the metal and the metal processing industries. Its downstream industry is mainly the IC industry consisting of packaging, design, and manufacturing.

Semiconductor Components

Upstream: IC design such as wafer circuit layout, winding, photomask stacking, etc.

Midstream: IC manufacturing such as epitaxy, wafer fabrication (photomask, diffusion, etching, ion implantation), wafer testing.

Downstream: IC packaging such as packaging (lead frame, heat sink, gold or aluminum wire, packaging resin), wafer testing.

4. Competition:

(1) Switches: The main competitors are Japanese manufacturers. With a flexible and automated production model, the Company has a better cost advantage over Japanese manufacturers.

(2) Relays: The Company strives to occupy a niche market to avoid direct competition in price and takes quality as a priority.

(3) Relays: The Company strives to occupy a niche market to avoid direct competition in price and takes quality as a priority.

(4) Connectors: We continue to develop products with the latest specifications and maintain positive partnerships with clients, and jointly design and develop products with new specifications with them.

(5) Lead frames: The rapid development of the semiconductor industry in China in recent years has directly impacted existing lead frame suppliers, and lead frames for semiconductors for consumer electronics products are subject to local price competition, China's goal is encouraging local production and supply, the Company is also actively investing in the expansion of its China base to meet the growth of local supply needs of customers; For the development of lead frame devices, the Company is expanding the market of lead frame for semiconductor for automotive electronic components with high-quality requirements by the capability of self-development of high precision molds; the continuation of global inflation problem in 2022 may affect the end

consumption demand in 2023, but in the long run, automotive electronics is still the main driving force for the sustainable development of semiconductor industry.

(6) Stepping motors: We focus on customized products.

(III) Overview of technology and R&D

1. R&D expenses for the most recent two years.

Unit: NT$ thousand

Item / Year	2020	2022	March 31, 2023
R&D expense	96,823	88,510	23,161
Consolidated net operating revenue	1,780,115	2,225,595	443,499
R&D expense as a % of revenue	6%	4%	5%

2. R&D achievements in the most recent year:

(1) Lead Frame for Semiconductor Industry

A. New specification of high density lead frame has been approved by the customer and mass production has started.

B. Automotive power module lead frame has been approved by the customers and are in trial production.

C. New specifications for automotive high power lead frame has been approved by our customers.

(2) Electronic components

A. Introduction to the production of rotary switches, terminal blocks, industrial control switches, and trigger switches for AI industry/automotive/lighting/industrial electronics/power hand tool applications.

B. Introduction to the production of patented terminal blocks for quick connect terminals for industrial electrical and mechanical equipment applications.

C. Safety certification of emergency stop switch of 16mm specification series approved and sent samples to the customers.

D. Industrial control switch and miniaturized switch blade series product under design verification.

E. Mass production of electric hand tool trigger switch (mechanical) series products.

F. Self-designed relay test equipment has been approved and went into mass production, and additional test function of AC (alternating) relay has been implenmented on existing production facilities to reach the goal of independent research and development

G. Purchased other specifications of relay whole line automatic production equipment, which has been put into use, and purchased the second automatic line of GQ relay, which has been adjusted in the factory. We are continuing to add 2 sets of other types of automatic lines to increase production capacity, and have entered the trial and acceptance stage.

H. Implementation of next generation 3D digital microscopes

(3) Stepping motors

A. Medical motor module development: Syringe motor module samples have been verified by customers, and blood pressure meter motor has entered the trial production stage.

B. Automotive and commercial expansion valve development: pilot production verification has been conducted.

C. HB type servo stepping motor development: applied to automatic equipment motor and circuit and control program development has entered the real machine testing stage.

3. Future R&D plans and estimated annual R&D expenditure:

3-1. Future R&D plans

(1) Lead Frame for Semiconductor Industry

A. The global carbon reduction policy has accelerated the development of the new energy vehicle market, and the demand for related automotive electronic components has also increased. Our Semiconductor Division is actively expanding the development of lead frames for semiconductors to meet the growing market demand.

B. The development trend of smaller and more efficient electronic products has brought about the demand for heat dissipation of high-computing components. In the future, the Company will focus on the research and development of heat spreader products. The development trend of smaller and more efficient electronic products has brought about the demand for heat dissipation of high-computing components. In the future, the Company will focus on the research and development of heat spreader products.

C. In the future, labor costs will continue to increase, which will directly affect the profitability of products. In order to reduce the manufacturing cost of products, the plan to build an automated production line is also accelerating.

(2) Electronic components

A. Product development of rotary switches, terminal blocks, industrial control switches, and trigger switches for AI industry/automotive/lighting/industrial electronics/power hand tool applications.

B. Product development of patented terminal blocks for quick connect terminals for industrial electrical and mechanical equipment applications.

C. Product development of electric hand tool trigger switch (Hall element induction type).

D. The lightweight and small 25*35mm contact block series for industrial control switches were developed.

E. The lightweight and small quick release safety lock with switch holder series for industrial control switches were developed.

F. We continued to acquire photocouple relay production equipment to enhance production capacity.

G. We continued to upgrade the electromechanical relay with high current specifications.

H. We continued to purchase automatic production equipment for electromechanical relays and expand the production line in Taiwan.

I. We continued to develop high GAP specifications for electromechanical relays to meet the needs of the green energy industry.

(3) Stepping motors

A. 28*28 HB type servo motor and control circuit .

B. 42*42 HB type servo motor and control circuit and software.

C. PM type stepping motor with built-in gear box.

D. Automotive expansion valve.

E. PM type stepping motor for medical use.

3-2.111 Estimated R&D expenditure for new product planned to be developed for 2023

Unit: NT$ thousand

R&D items	Estimated annual R&D expenditure	Estimated time required for going into mass production	Main factors influencing the success of future R&D
Lead Frame for Semiconductor Industry			
1.MOSFET component lead frame development. 2.Power Discrete component lead frame development. 3.Diodes component lead frame development. 4.CPU/GPU heat spreader product development.	40,000	2023.12.31	We will strive to increase the added value of our products, accelerate the adoption of automated production equipment and systems, and provide clients with high-value services to reinforce our product competitiveness.
1. Purchase AOI equipment which used in our stamping production lines. 2. Purchase automatic material-receiving equipment which used in our stamping production lines.	3,000	2023.08.31	
Electronic components			
1.Product development of rotary switches, terminal blocks, industrial control switches, and trigger switches for AI industry/automotive/lighting/industrial electronics/power hand tool applications. 2. Product development of electric hand tool trigger switch (Hall element induction type). 3.The lightweight and small 25*35mm contact block series for industrial control switches were developed.	8,350	2023.12.31	The Company will pursue the invention of patented products and respond to the environmental protection cause to provide clients with high value-added applications and improve our business performance. We will strive to upgrade our products and technologies to provide clients with high value-added services, accelerate the adoption of automated production equipment, and enhance production capacity and performance.
1.Development of terminal blocks and modular products of AI industry/automotive/lighting/industrial electronics, etc. 2. Development of a series of terminal blocks of patented quick-connect terminals for industrial electrical and mechanical equipment applications.	7,150	2023.12.31	
Developing ETR and EPR relays and purchasing automated production equipment.	63,420	2023.12.31	
Stepping motors			
1. Developing automotive expansion valves. 2. Developing HB-type servo stepping motors. 3. PM type stepping motor for medical use	6,000	2023.12.31	The R&D team has experience in developing BLDCM (brushless DC motor) and can apply it to the development of this product.

(IV) Long-term and short-term business development plans:

1. Long-term business development plan:

(1) Lead Frame for Semiconductor Industry:

A. Develop new customers in the European and American markets.

B. Expand the lead frame business for automotive electronic components.

C. Develop markets for high-end applications and smart/green energy products.

(2) Electronic components: Continue to pay close attention to the impact of the COVID-19 pandemic and the subsequent development of the China-US trade conflict on the global economy and electronics industries, integrate production sites in China and Taiwan, 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.

(3) Stepping motors:

A. Expand the motor types, such as linear motors, robotic arm motors, screw motors, HB stepping motors and DC brushed motor.

B. Expand motor manufacturing technology applications, such as automotive expansion valve coils, solenoid valves, damper actuators, and linear stepper motor actuators for valves.

C. New market development: Expand business in Europe, the United States, Russia, and Japan.

2. Short-term business development plan:

(1) Lead Frame for Semiconductor Industry:

A. The global carbon reduction policy has accelerated the development of the new energy vehicle market, and the demand for related automotive electronic components has also increased. Our Semiconductor Division is actively expanding the development of lead frames for semiconductors to meet the growing market demand.

B. The development trend of smaller and more efficient electronic products has brought about the demand for heat dissipation of high-computing components. In the future, the Company will focus on the research and development of heat spreader products.

C. In the future, the labor costs will increase continuously, which will directly affect the profitability of products. In order to reduce the manufacturing costs of products, the Company is accelerating the plan to build the automatic production lines.

(2) Electronic components:

A. Predicting that the market demand in China, Asia, and the European Union will rebound rapidly and enhancing the business collaboration with clients and distributors.

B. Integrating the Group’s marketing departments in all regions to jointly develop international direct clients.

C. Expanding the application markets of niche products of GWT+HF, explosion-proof, and THR relays.

D. Developing markets of PSU/PDU, green energy, electric vehicles, and 5G network applications and continuing to expand into industries of refrigeration, air conditioning, and smart home appliances.

E. Optimizing the Company's website to enhance marketing and increasing exposure and raising the regional level for sales through product digitization.

(3) Stepping motors:

A. Expanding the specifications of HB, DC and stepping motors: Continuing to expand the specifications of various motors in mass production to provide products that are more aligned with clients’ needs.

B. Gearboxes and mechanical components: Providing motors to clients as well as a more complete power system to clients by providing the gear reducers and gearboxes (used with motors) in the form of modules.

C. Developing and expanding the industries of 3D printing, medical devices, air conditioners, and smart home appliances.

II. Overview of the market and production and sales

(I) Market analysis

1. Regions where the Company's main products are sold:

(1) DIP switches: DIP switches belong to the switch industry. The main producing countries and regions include North America, Europe, and the Far East, such as Japan, Taiwan, South Korea, Hong Kong, and mainland China; and our country is highly competitive in the international market in terms of DIP switches, so DIP switches are mainly exported. The regions where the Company's DIP switches are sold are Europe and Asia.

(2) Relays: In the early days, most of the domestic products were imported from Japan. The relays made in Japan were reliable and adopted by the world's major manufacturers due to high quality. As the domestic companies have been committed to improving product quality for many years, we have gradually established a reputation for quality; thus, we are able to meet domestic needs and export products abroad as well. The region where the Company's relays are sold is Asia.

(3) Terminal blocks: This industry is highly competitive in Europe, the United States, Italy, Taiwan, Hong Kong, and China. Among them, German products with advanced technologies are of high quality at high prices, while China relies on its low labor costs to occupy the low-price markets. The region where the Company's terminal blocks are sold is Asia.

(4) Connectors: The region where the Company's connectors are sold is Asia.

(5) Lead frames: The region where the Company's lead frames are sold is Asia.

(6) Stepping motors: As most of our clients' manufacturing sites are in Asia, the region where the Company's stepping motors are sold is Asia.

Distribution of clients and proportion of domestic sales and experts

Unit: NT$ thousand

Region \ Year		2022	
		Sales volume	Percentage
Domestic sales		525,285	24
Exports	Europe	291,704	13
	The Americas	86,757	4
	Asia	1,310,850	59
	Others	10,999	-
	Subtotal	1,700,310	76
Total		2,225,595	100

2. Market share:

The Company's main products are DIP switches, relays, terminal blocks, and connectors, which are mechanical components in electronic components. Lead frames are indispensable passive electronic components in the integrated circuit packaging industry. Due to the wide range of applications of our various products in various industries, except for the survey report obtained from the China Credit Information Service when we applied for listing on Taipei exchange in 1998, no professional research organization has published statistics reports on the Company's products in recent years. As per the Domestic Market Survey Report on DIP Switches and Magnetic and Reed Relays issued by the China Credit Information Service in 1998, the Company's DIP switches accounted for about 45.12% of the domestic market as largest domestic supplier.

3. Future market supply/demand and growth potential:

The Company mainly produces DIP switches, relays, and terminal blocks, which are used in a wide range of applications and belong to the mechanical components in the electronic component industry. The mechanical components are auxiliary components, so the future growth of this industry is closely associated with that of its downstream industries.

Lead Frame for Semiconductor Industry are mainly used in the automotive electronics and the smart city industries.

Looking to the future, although emerging markets such as 5G, Internet of Things (IoT), and AI are still growing steadily, which will help customers maintain a solid momentum procurement, not to mention that Taiwan still maintains its global leading position in terms of technological innovation and production capacity scale; However, as the war between Russia and Ukraine continues to spread, and as the global inflationary pressure remains high, the overall global economic performance continues to be weak and is not expected to be fully resolved in the first half of 2023. As a result, sales of end products may not be able to recover and customers will continue to make inventory adjustments. Hence, it is expected that the industry will show a slight downward trend in the first half of 2023.

4. Competitive advantages:
   (1) Obtained the ISO 9000, ISO 14001, and TS 16949 certification and a number of patents.
   The Company passed ISO 9001 certification in 1995, ISO 14001 certification in 2000, ISO 9000: 2000 certification in 2002, and TS 16949 certification in 2005 and has obtained 104 domestic and overseas patents as of March 2023. Therefore, we occupy a position in the international well-known brand market.
   (2) Automatic production equipment and effective quality control
   The Company adopts automated production equipment to effectively cut production costs and purchases sophisticated production equipment to improve the production process, to have more efficient production processes, improve product quality, and reinforce our market competitiveness.
   (3) Vertically integrated systems to develop economies of scale
   To effectively ensure high quality of all manufacturing processes and parts, we work to integrate related production process vertically. Therefore, we have a professional and vertically integrated manufacturing division of precision molds building, precision injection, and precision stamping; thus, we have witnessed excellent performance in product development and cost reduction.
   (4) Well-developed marketing channels to increase market share
   The Company has a well-developed sales network all over the world, which has been operating for many years with excellent performance. We have set up a sales office in Taipei to be in charge of domestic sales. In 1996, we established E.C.E. (USA), a subsidiary in the United States, to sell products directly to the United States. To expand our operating sites, we have set up two production sites－Suzhou and Anhui, we are able to further enlarge our production capacity and expand our market share by using each factory in China as a base for domestic and foreign sales.
   (5) A professional management team
   The Company's management team consists of professionals who are all experienced in the electronic components industry, familiar with the product development history, and have business acumen. Therefore, it can keep abreast of the market changes and trends and can make timely decisions conducive to the Company's operations.
5. Favorable and unfavorable factors of development prospects:
   (1) Favorable factors
   A. A wide range of applications of our products and continuous expansion of the downstream market demand: DIP switches and relays can be used in the information, electronics, communications, and security systems industries, and these industries are also continuously growing, so the output value of the Company's products will also follow. As the Company's products are applied in a wide range of applications, our performance will not be significantly affected by the business cycle of a single industry.
   B. Continuous increase in the demand in the Asian market with a rising market share: For domestic manufacturers of program switches, most of the export destinations are the Americas and Europe. Thus, the Company's exports to Asia account for 55% of the total, indicating that the Company's market share in Asia is higher than that of other domestic manufacturers, and the demand for program switches in the Asian market continues to rise. Thus, as our main export destinations are in Asia, our share in the Asian market is bound to increase, and the competitiveness will also be reinforced.
   C. Clear target markets and stable profits: We mainly produce mid- and high-priced products, with target markets in Asia, Europe, and the Americas. Thus, our profits are also higher than other competitors with low-priced products. Also, due to the high quality and high standards of our products, we are more competitive compared with other competitors with high-priced products sold in Europe, the Americas, and Japan. Therefore, our target markets are clear and profitability is relatively stable.
   D. Independent development of technology and equipment and high production efficiency: Since the Company was established in 1981, we have set up a R&D Department to continuously develop new products and design and assemble special production equipment. So far, we obtained a total of 120 domestic and overseas patents, meeting clients’ needs, with our technological independence better than competitors, thereby forming an obstacle for them to catch up. Also, we have spared no effort in the design and assembly of production equipment. In recent years, we have successively launched automatic assembly, automatic heat-sealing, and testing machines for a number of products, greatly contributing to the improvement to the efficiency of key processes and the product quality assurance. At present, our production

efficiency and cost reduction are far better than our competitors, which is also the main reason for the considerable growth in the Company's performance in recent years.

(2) Unfavorable factors

A. Competition arising from major producing countries moving factories abroad: Taiwan's businesses are actively seeking a more favorable production environment, while manufacturers in other important producing countries are investing overseas as well. For example, Japan relies on its skills and scale to enhance its product quality and technology, resulting in competitive pressure on the Company. Although Japan's products are mainly self-assembled at present, when the market is sluggish, excess production capacity will be released to facilitate competition.

Countermeasures:

a. Recruit excellent R&D talents to improve product quality to compete against advanced products from other major producing countries.

b. Invest overseas to seek a favorable production environment to cut production costs.

B. Increasingly fierce competition against competitors: As the funds needed for the production equipment of DIP switches and relays are not large and such products are applied widely, since the Company was incorporated in the 1980s, there have been businesses, including Diptronics Manufacturing Inc., CTS Taiwan, Recenttec Inc., Hampolt Corporation, and STEGO Enterprise Co., Ltd. going into production, and new competitors overseas are constantly joining this market, so the competition is becoming increasingly fierce.

Countermeasures:

a. Dedicated to R&D to obtain patents: We have continuously engaged professional talents and purchased machinery and equipment to R&D new products. We have achieved outstanding results and obtained a number of registered patents at home and abroad to raise the barrier to entry for other competitors.

b. Establishment of our self-owned brand: As the quality of DIP switches and relays will directly affect the quality of downstream communications, computer, and electronic products, brand image is very critical to sales. We produce products with our own technologies in our own brand and market them at home and abroad; we adopt a strict quality control system in the product process, from R&D, production to installation and ensure product quality through continuous testing and inspection. The Company passed LRQA ISO 9001 certification in 1995, ISO 14001 certification in 2000, ISO 9000: 2000 certification in 2002, and TS 16949 certification in 2005. Our reputation is great in the industry and we have, thus, built excellent goodwill to widen the distance from other competitors.

(II) Important functions and production processes of main products

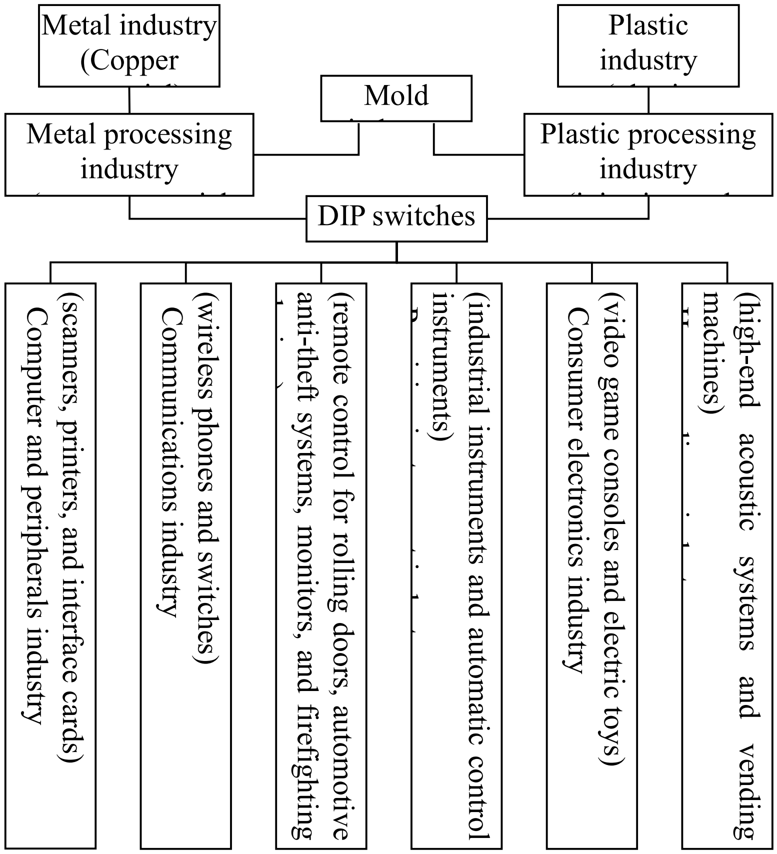
Regarding raw materials for DIP switches, relays, and connectors in the upstream industry, the main raw materials are from the plastics and metal processing industries. Among them, plastic parts and copper material parts are manufactured by the Company and partly by outsourced manufacturers, but the main part of the reed relays: Reed switches are imported from abroad; the downstream industries to which products are sold include the home appliances, precision instrument, security and anti-theft system, communications, and computer peripheral industries.

As for the raw materials for terminal blocks, the upstream industry is the same as that of the DIP switches and reed relays, and the downstream industries include the home appliances, security and anti-theft system, precision instrument, and consumer electronics industries, as well as switching power supply, motor controller, and other electrical industries.

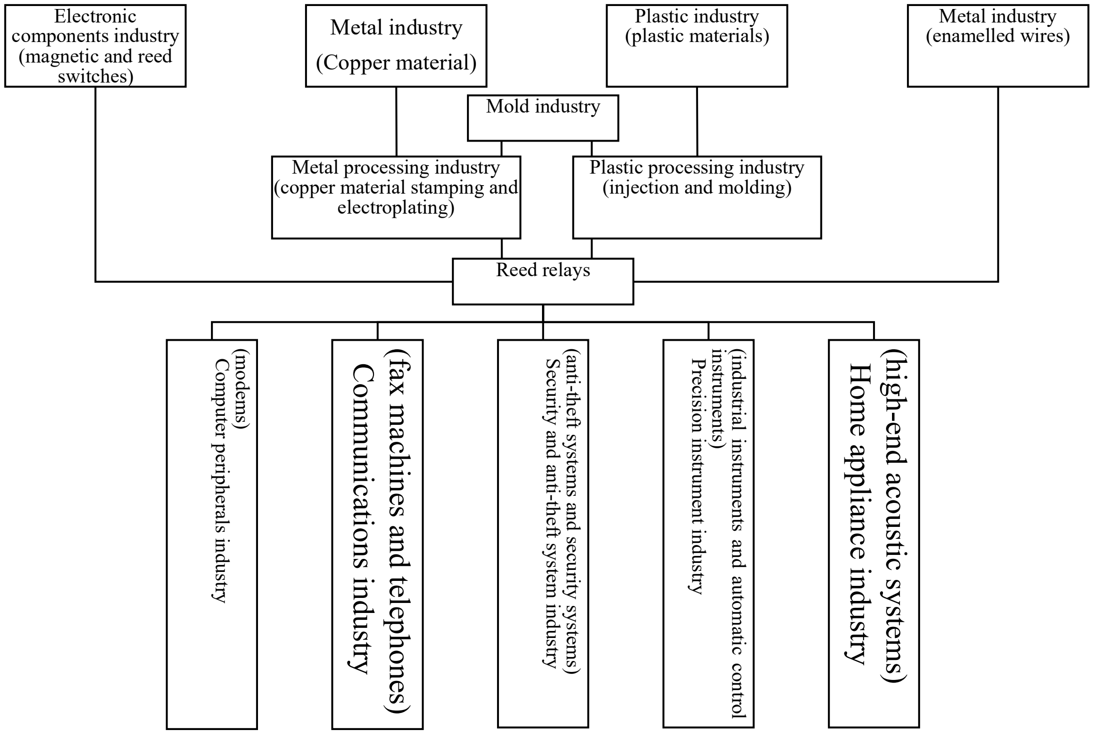
Lead frames: The main material is copper material, which is used in IC peripheral parts.

Stepping motors: The main materials are stamped metal parts, plastic parts, enameled copper material wires, and magnetic materials.

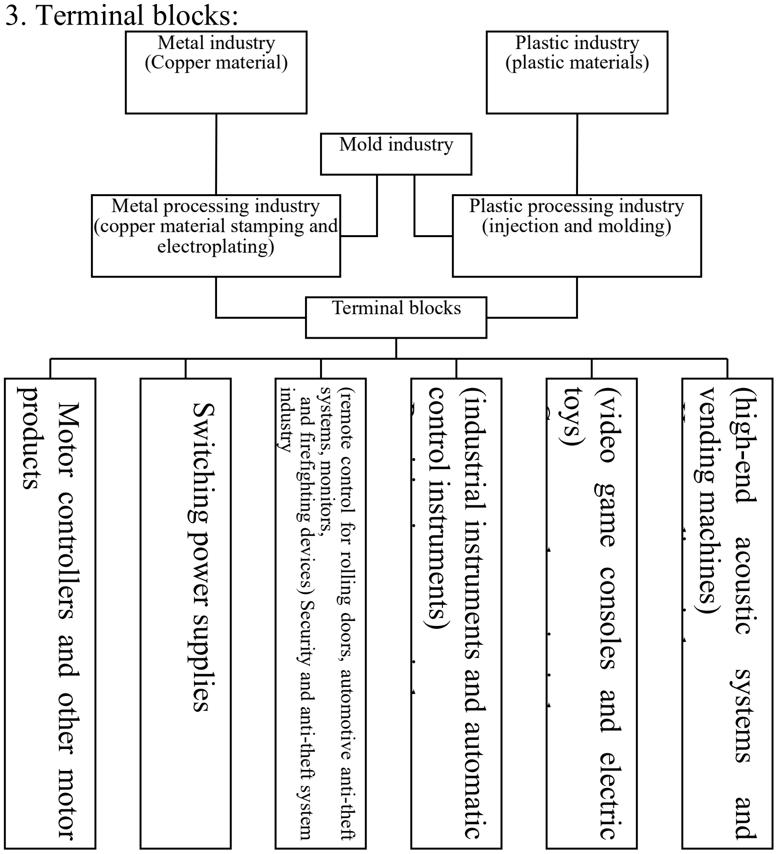
1. DIP switches:



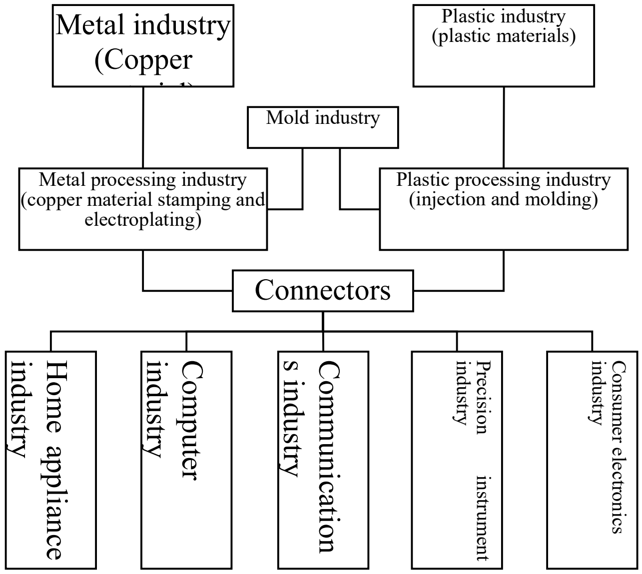
2. Relays:



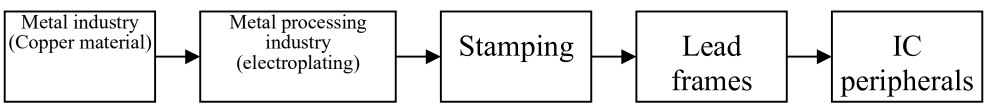
3. Terminal blocks:



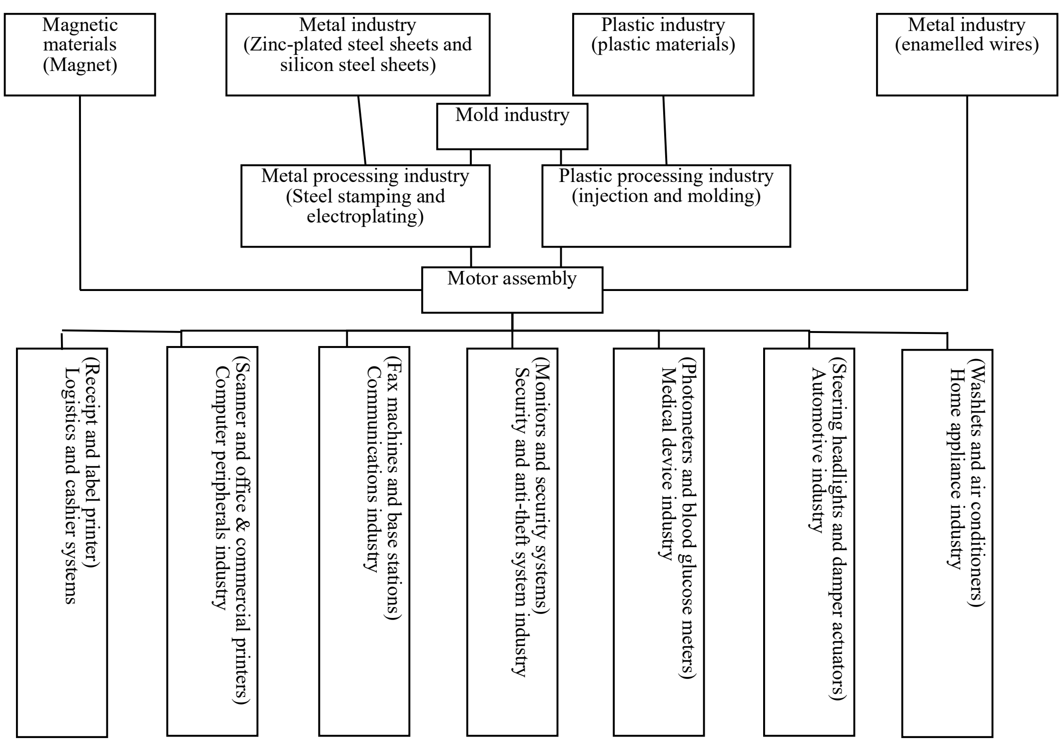
4. Connectors:



5. Lead frames:



6. Stepping motors:



(III) Supply of the main raw materials

Main raw material	Supplier	Place of origin (place of manufacture)	Market conditions
Copper material	DE036 KA008 LC002	Taiwan Japan China	The supplier is a world-renowned manufacturer, and the materials supplied to the Company can be supplied by other suppliers, so they compete against each other.
EDG top covers and bases	BL001 HS071	Taiwan	The supplier has been outsourced by the Company to make products for many years and is familiar with the product characteristics and requirements.
Switches	SD061 SD060	Japan the U.K.	The supplier is a world-renowned manufacturer, and the materials supplied to the Company can be supplied by other suppliers, so they compete against each other.

(IV) List of major clients and suppliers during the most recent two years

1. List of suppliers each accounting for 10% or more of the total purchase in any of the most recent two years:

Unit: NT$ thousand

Item	2020				2021				As of the prior quarter of 2023			
	Name	Amount	As a percentage of total procurement in that year	Relations with the issuer	Company name	Amount	As a percentage of total procurement in that year	Relations with the issuer	Company name	Amount	As a percentage of net purchase up to the 1st quarter of the year	Relations with the issuer
1	DE036	143,379	19%	None	DE036	185,565	18%	N/A	DE036	38,853	20%	None
	Others	615,161	81%	-	Others	821,784	82%	-	Others	158,974	80%	-
	Total	758,540	100%		Total	1,007,349	100%		Total	197,827	100%	

2. List of clients each accounting for 10% or more of the total sales in any of the most recent two years:

Unit: NT$ thousand

Item	2020				2021				As of the prior quarter of 2023			
	Name	Amount	As a percentage of total sales in that year	Relations with the issuer	Company name	Amount	As a percentage of total sales in that year	Relations with the issuer	Company name	Amount	As a percentage of net sales up to the 1st quarter of the year	Relations with the issuer
1	TY030	151,183	8%	None	HP001	271,012	12%	N/A	YX007	58,167	10%	None
2	-	-	-	-	TY030	233,923	11%	-	-	-	-	-
	Others	1,628,932	92%		Others	2,225,595	100%		Others	443,499	100%	
	Total	1,780,115	100%		Total	2,225,595	100%		Total	443,499	100%	

(V) Production for the most recent two years

Unit: In thousands of pieces; NT$ thousand

Year / Production volume and value / Main products	2020				2022			
	Production capacity	Production volume	Capacity utilization (Note)	Production value	Production capacity	Production volume	Capacity utilization (Note)	Production value
Semiconductor		17,527,785		590,506		20,842,694		786,319
Electronic components		336,572		535,224		168,755		640,153
Relays		36,980		320,788		26,789		299,307
Stepping motors		5,337		193,698		6,414		288,023
Total		17,906,674		1,640,216		21,044,652		2,013,802

Note: Partial capacity and capacity utilization cannot be calculated due to changes in specifications.

(VI) Sales volume and value for the most recent two years

Unit: In thousands of pieces; NT$ thousand

Year / Sales volume and value / Main products	2020				2022			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Semiconductor	732,023	177,884	16,004,664	437,329	1,272,050	223,753	19,275,600	678,972
Electronic components	67,373	256,407	70,420	388,570	67,379	252,196	82,019	500,609
Relays	1,861	27,820	26,694	300,155	3,134	44,985	15,790	215,142
Stepping motors	160	5,574	4,074	186,376	105	4,351	10,454	305,587
Total	801,417	467,685	16,105,852	1,312,430	1,342,668	525,285	19,383,863	1,700,310

III. Employees

3. The number, average length of service, average age, and distribution of education attainment of in-service employees during the most recent two years and up to the publication date of this annual report:

Year		2020	2022	Current year up to March 31, 2023
Number of employees	Manager	6	6	5
	Production line staff	672	687	722
	Non-managerial employees	395	379	373
	Total	1073	1072	1100
Average age		33	32.3	32.7
Average length of service		5.95	4.9	4.7
Distribution of education attainment (%)	Doctoral degree	-	0	0
	Master's degree	18	18	17
	Bachelor's degree	310	325	308
	Senior high school	348	403	413
	Below senior high school	397	326	362

IV. Information on environmental protection expenditures

(I) The Company mainly engages in the manufacturing of DIP switches and relays. No environmental pollution occurred to the production processes, and the Company has aimed to provide employees with a more comfortable and safe work environment. The Company has obtained the Water Pollution Prevention and Control Permit Zhong-Shi-Fu-Huan-Shui-Ke No. 11319-02 from the Environmental Protection Bureau, Taichung City Government for the wastewater discharged from the electroplating lines of the Company's Second Business Division.

(II) The investment in pollution prevention equipment, functions, and potential benefits: None.

(III)The process undertaken by the Company to improve environmental pollution during the most recent three years: No environmental pollution.

(IV)Any losses suffered by the Company during the most recent three years due to environmental pollution incidents, total amount of the penalty, as well as the countermeasures and an estimate of potential expenses:

1. Any losses suffered by the Company during the most recent three years due to environmental pollution incidents: None.
2. Countermeasures and an estimate of potential expenses: N/A.

(V) The impact of the current pollution, the influence of the improvement on the Company's earnings, competitiveness, and capital expenditures, and the major environmental capital expenditures in the following three years:

1. Current pollution: None.
2. Influence on the Company's earnings, competitiveness, and capital expenditures: None.
3. Major environmental capital expenditures in the following three years: None.

V. Labor-management relations

(I) Employee benefits:

1. Year-end bonus and performance bonus: In addition to the year-end bonus given depending on the business performance, we will provide performance bonuses every four months depending on the production and sales performance.
2. Labor insurance and national health insurance for all employees: Various labor insurance and health insurance reimbursements for childbirth, medical treatment, injuries, or death are handled in accordance with the Labor Insurance Act.

(II) Pension system: Since November 1986, the Company has made a monthly contribution equal to 2.82% of the total monthly salaries to the retirement reserve fund in a special account in the name of the Supervisory Committee of Labor Retirement Reserve in accordance with the Labor Standards Act. The Labor Pension Act was promulgated on July 1, 2005, and we have adopted a defined contribution system since then. After the adoption, employees may elect to adopt the pension rules under the Labor Standards Act or apply the pension scheme under the Labor Pension Act with the length of service before the Act was enforced retained. For employees to whom the act applies, the Company makes monthly contributions, not lower than 6% of each employees' monthly salary, into their pension accounts.

(III)The labor-management agreement and employee rights: Since the Company was incorporated, we have attached great importance to the labor-management relations, which have been harmonious. Relevant employee benefits and major measures have been announced and promoted by the Management Department. Employees can express all their views and opinions on the Company's relevant rules through various communication channels.

(IV) Any losses suffered due to labor disputes in the most recent year and up to the publication date of this annual report: The Company has labor-management relations and has never suffered any losses due to labor disputes. Our communication channels are obstacle-free, and we predict that it will not happen in the future.

(V) Matters that still need to be coordinated between labor and management: None.

(VI) Employee education and training: We attach great importance to employee on-the-job training and education and training. The current implementation is as follows:

1. Physical courses: Human Resources Division formulates an annual education and training plan according to the gap in competencies and the future annual training needs raised by various departments at the end of each year. We arrange for internal instructors to offer education and training courses, appoint external training institutions to the Company, or send personnel to receive training outside the Company.
2. Adoption of business intelligence (BI) software systems: We adopt BI analysis software to quickly provide the business analysis information to managers at all levels, to quickly keep abreast of the operations and improve the decision-making quality and efficiency.

3. Online learning: We have built an e-learning digital learning platform and project-link, a R&D project management system, to motivate employees to learn and communicate new information online.
4. On-the-job training: In recent years, many top-level managers have received on-the-job training at well-known universities at home or abroad and obtained master's or doctoral degrees.
5. The Company's financial data is transparent. Relevant certificates obtained by relevant personnel: None.

The details of the implementation of external education and training during 2022 is as follows:

No.	Course	Course title	Number of hours (H)	Amount (NTD)
1	Leadership and management	Analysis of the rules and practices of capital lending, endorsement guarantee and acquisition of disposable assets	6	3,000
2	Leadership and management	Production cycle practices and auditing highlights	6	3,000
3	Leadership and management	Focused auditing of operating systems and cross-cycle and operational integration	6	3,000
4	Leadership and management	Common internal control deficiencies in enterprises and practical case analysis	6	3,500
5	Leadership and management	12hr practical workshop for initially appointed directors and supervisors (including Independent) and head of corporate governance	12	7,500
6	Leadership and management	ESG information disclosure trends and related regulations	3	2,000
7	Leadership and management	Risks and opportunities of climate change and net-zero emission policies for business operations	3	3,000
8	Leadership and management	Chief accounting officer continuing education	24	16,000
9	Leadership and management	Interpretation of Important Corporate Governance Decisions: Directors' Responsibilities as the Core	3	3,000
10	Human Resources	Labor Contract Work Rules and Labor Rights in Occupational Accidents	2.5	0
11	Human Resources	Seminar on enhancing workplace communication and building interpersonal influence	3	0
12	Human Resources	2022 Key Strategies for workplace safety, health and disaster reduction	3.5	0
13	Human Resources	Brain Algorithms and Human Resource Utilization	70	60,000
14	Production and manufacturing	Lean Precision Production	84	90,000
15	Production and manufacturing	Analysis of production problem and improvement techniques	6	3,400
16	Production and manufacturing	Intelligent Tool Industry and Smart Manufacturing Innovation Program	3	0
17	Production and manufacturing	HOMER Camp for Sustainable Learning	78	60,000
18	Production and manufacturing	AIAG&VDA FMEA Failure Mode and Effect Analysis	6	2,900
19	Quality management	Mold trial and finished product defect solution	12	7,000
20	Quality management	ISO14067 Product Carbon Footprint Inventory Promotion and Verification Practice	21	0
21	Quality management	Net Zero Carbon Emissions	3	0
22	R&D and design	Branson Ultrasonic Plastic Welding Application Exchange	30	0
23	R&D and design	Ansys workbench Structural Dynamics Analysis Course	9	0
24	R&D and design	Countermeasures of forging mold design and forging mold defects	36	8,400
25	Others: Labor safety	Labor Safety Certificate Education and Training (first-time training)	145	45,675
		Labor Safety Certificate Continuing Education and Training (refresher training)	140	28,520
		Occupational Health and Safety Briefing or Applicable Laws and Regulations Briefing	30.5	
Our employees participated in a total of 60 external training courses during 2022 for a total of 751.5 hours (number of people* number hours) in an amount of NT$349,895.				

(VII) Code of Ethics: The Company has formulated the work rules in accordance with the Labor Standards Act and other applicable laws and regulations and announced them on the intranet. It has clearly defined both employer and employees' rights and obligations to motivate both parties to work together to establish professional ethics, thereby furthering the Company's business.

VI. Important contracts

Type of contract	Client	Start and end dates	Main content	Restrictive covenants
Sales contract	Pacer Technology Co., Ltd.	From 1997.3.12 till either party proposes to exchange or cancel the contract	This contract is an agreement between Pacer Technology and Excel Cell to purchase products	None
Work for Hire Agreement	Chen Zhen Construction Co., Ltd.	2020.05.17	This contract is about a plant construction project, with the total contract price of NT$217 million	None

Six. Overview of Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Most Recent Five Years

(I) Condensed balance sheets

Unit: NT$ thousand

Item \ Year		Financial data for the most recent five years (Note 1)					Current year up to March 31, 2023
		2022	2021	2020	2019	2018	
Current assets		1,742,754	1,806,309	1,730,090	1,567,525	1,682,728	1,629,586
Property, plant and equipment		2,083,751	1,823,602	1,646,439	1,465,930	1,400,427	2,097,767
Intangible assets		38,649	42,277	43,954	43,512	44,783	37,864
Other assets		661,470	695,562	467,428	652,832	585,393	699,512
Total assets		4,526,624	4,367,750	3,887,911	3,729,799	3,713,331	4,464,729
Current liability	Before dividends distribution	1,313,846	1,193,492	1,035,950	1,087,500	999,159	1,377,207
	After dividends distribution	1,422,940	1,302,586	1,112,316	1,198,119	1,141,609	1,377,207
Non-current liability		592,291	622,945	470,581	215,015	298,980	561,876
Total liability	Before dividends distribution	1,906,137	1,816,436	1,506,531	1,302,515	1,298,139	1,939,083
	After dividends distribution	2,015,231	1,925,529	1,582,897	1,413,134	1,155,689	1,939,083
Equity attributable to owners of the parent company		2,606,043	2,538,800	2,365,694	2,407,677	2,383,783	2,510,225
Share capital		1,090,938	1,090,938	1,090,938	1,106,188	1,106,188	1,090,938
Capital surplus		270,775	314,412	340,448	426,040	473,171	227,137
Retained earnings	Before dividends distribution	1,122,869	1,019,697	896,239	854,505	767,809	1,053,576
	After dividends distribution	1,013,775	910,603	863,511	821,319	625,359	1,053,576
Other equity		121,461	113,753	38,069	20,944	39,538	138,574
Treasury stock		-	-	-	-	(2,893)	-
Non-controlling interests		14,444	12,514	15,686	19,607	31,409	15,421
Total equity	Before dividends distribution	2,620,487	2,551,314	2,381,380	2,427,284	2,415,192	2,525,646
	After distribution	2,511,393	2,442,221	2,305,014	2,316,665	2,272,742	2,525,646

Note 1: See page 79 for the 2018–2022 **Condensed Balance Sheets as per the Enterprise Accounting Standard of the Republic of China**.

Note 2: It is the consolidated balance sheets prepared in accordance with the IFRS, which has been audited and certified by CPAs.

(II) Condensed Balance Sheet as per the Enterprise Accounting Standard of the Republic of China

Unit: NT$ thousand

Item \ Year		Financial data for the most recent five years (Note 1)				
		2022	2021	2020	2019	2018
Current assets		1,125,378	1,061,784	1,125,754	933,246	942,207
Property, plant and equipment		1,535,115	1,397,661	1,233,543	1,163,637	1,125,510
Intangible assets		38,649	40,774	42,226	41,559	40,699
Other assets		1,670,110	1,633,474	1,278,665	1,431,815	1,445,732
Total assets		4,369,252	4,133,693	3,680,188	3,570,257	3,554,148
Current liability	Before dividends distribution	1,210,862	1,045,074	851,200	963,055	883,795
	After dividends distribution	1,319,956	1,154,167	927,566	1,073,674	1,026,275
Non-current liability		552,347	549,819	463,294	197,469	286,570
Total liability	Before dividends distribution	1,763,209	1,594,893	1,314,494	1,160,524	1,170,365
	After dividends distribution	1,872,303	1,703,986	1,390,860	1,271,143	1,312,845
Share capital		1,090,938	1,090,938	1,090,938	1,106,188	1,106,188
Capital surplus		270,775	314,412	340,448	426,040	473,141
Retained earnings	Before dividends distribution	1,122,869	1,019,697	896,239	854,505	767,809
	After dividends distribution	1,013,775	954,241	863,511	821,319	625,329
Other equity		121,461	113,753	38,069	23,000	39,538
Treasury stock		-	-	-	-	(2,893)
Total equity	Before dividends distribution	2,606,043	2,538,800	2,365,694	2,409,733	2,383,783
	After distribution	2,496,949	2,429,707	2,289,328	2,299,114	2,241,303

Note 1: See page 78 for the 2018–2022 **Condensed Balance Sheets**.

Note 2: It is the balance sheets prepared in accordance with the IFRS, which has been audited and certified by CPAs.

(III) Condensed statement of comprehensive income

Unit: NT$ thousand

Item \ Year	Financial data for the most recent five years (Note 1)					Current year up to March 31, 2023 (Note 2)
	2022	2021	2020	2019	2018	
Operating revenue	2,225,595	2,171,042	1,780,115	1,788,578	2,037,314	443,499
Operation gross profit	417,233	356,942	375,717	360,972	455,994	67,397
Operating gains and losses	113,782	11,712	23,005	18,256	85,443	(2,921)
Non-operating revenues and expenses	107,950	221,950	67,559	155,480	101,478	3,091
Earnings before tax	221,732	233,662	90,564	173,736	186,921	170
Continuing operations Net income for this period	170,125	154,615	84,148	160,185	160,667	(3,497)
Loss on discontinued operations	-	-	-	-	-	-
Net income (loss) in this period	170,125	154,615	84,148	160,185	160,667	(3,497)
Other comprehensive income for the period (net of tax)	4,521	80,204	12,073	(12,499)	9,953	17,750
Total comprehensive income for the period	174,646	234,819	96,221	147,686	170,620	14,253
Income attributable to owners of the parent company	167,822	153,097	83,272	158,551	166,140	(3,837)
Income attributable to non-controlling interests	2,303	1,518	876	1,634	(5,473)	340
Total comprehensive income attributable to owners of the parent company	171,034	231,870	96,377	144,744	175,698	13,276
Total comprehensive income attributable to non-controlling interests	3,612	2,949	(156)	2,942	(5,078)	977
Earnings per share	1.54	1.40	0.76	1.44	1.50	(0.04)

Note 1: See page 81 for the 2018–2022 **Condensed Statement of Comprehensive Income as per the Enterprise Accounting Standard of the Republic of China**.

Note 2: It is the consolidated statement of comprehensive income prepared in accordance with the IFRS, which has been audited and certified by CPAs.

(IV) Condensed Statement of Comprehensive Income as per the Enterprise Accounting Standard of the Republic of China

Unit: NT$ thousand

Year / Item	Financial data for the most recent five years (Note 1)				
	2022	2021	2020	2019	2018
Operating revenue	1,441,622	1,450,924	1,163,661	1,208,579	1,228,537
Operation gross profit	294,534	279,989	235,794	233,477	281,249
Operating gains and losses	76,465	54,737	36,093	12,814	80,199
Non-operating revenues and expenses	118,623	130,351	44,727	152,931	103,390
Earnings before tax	195,088	185,088	80,820	165,745	183,589
Net income on continuing operations in this period	167,822	153,097	83,272	158,551	166,140
Loss on discontinued operations	-	-	-	-	-
Net income (loss) in this period	167,822	153,097	83,272	158,551	166,140
Other comprehensive income for the period (net of tax)	3,212	78,773	13,105	(13,807)	9,558
Total comprehensive income for the period	171,034	231,870	96,377	144,744	175,698

Note 1: See page 80 for the 2018–2022 **Condensed Statement of Comprehensive Income**.

Note 2: It is the parent company-only statement of comprehensive income prepared in accordance with the IFRS, which has been audited and certified by CPAs.

(V) Names and audit opinions of the CPAs for the most recent five years

Year	Name of CPA	Audit opinion
2018	Chiang Shu-Ching and Yen Hsiao-Fang	Unqualified opinion, plus the Other Matters paragraph
2019	Chiang Shu-Ching and Su Ting-Chien	Unqualified opinion, plus the Other Matters paragraph
2020	Chiang Shu-Ching and Su Ting-Chien	Unqualified opinion, plus the Other Matters paragraph
2021	Su Ting-Chien and Tai Hsin-Wei	Unqualified opinion, plus the Other Matters paragraph
2022	Su Ting-Chien and Tai Hsin-Wei	Unqualified opinion, plus the Other Matters paragraph

II. Financial analysis for the most recent five years

(I) Financial analysis

Analysis item (Note2) / Year (Note 1)		Financial analysis for the most recent five years					Current year up to March 31, 2023 (Note 1)
		2022	2021	2020	2019	2018	
Financial structure (%)	Debt ratio	42.11	41.59	38.75	34.92	34.96	43.43
	Ratio of long-term capital to property, plant and equipment	154.18	174.07	173.22	180.25	193.81	147.18
Solvency %	Quick ratio	132.65	151.35	167.01	144.14	168.41	118.33
	Quick ratio	97.10	101.82	137.16	114.47	127.86	86.58
	Times interest earned/Interest coverage ratio	14	25	10	18	19	1
Operating performance	Accounts receivable turnover (times)	5.28	5.13	4.74	4.61	4.67	4.94
	Average collection period (days)	69	71	77	79	78	74
	Inventory turnover (times)	3.42	4.03	4.45	3.92	3.89	3.33
	Accounts payable turnover (times)	6.96	6.93	6.73	6.56	5.64	7.71
	Average days in sales	107	91	82	93	94	110
	Property, plant and equipment turnover (times)	1.14	1.25	1.14	1.25	1.38	0.85
	Total assets turnover (times)	0.50	0.53	0.47	0.48	0.52	0.39
Profitability	Return on assets (%)	4.12	3.94	2.42	4.53	4.33	0.16
	Return on equity (%)	6.58	6.27	3.50	6.62	6.59	(0.54)
	Income before tax as a percentage of paid-in capital (%) (Note 7)	20.32	21.42	8.30	15.71	16.90	0.06
	Net profit margin (%)	7.64	7.12	4.73	8.96	7.89	(0.79)
	Earnings per share (NTD)	1.54	1.40	0.76	1.44	1.50	(0.04)
Cash flows	Cash flow ratio (%)	25.10	(16.58)	6.02	9.62	17.10	-
	Cash flow adequacy ratio (%)	34.13	8.99	31.17	42.70	41.50	-
	Cash re-investment ratio (%)	7.42	(4.68)	1.52	2.80	4.50	-
Leverage	Operating leverage	750	6,553	2,773	3,494	900	-
	Financial leverage	117	619	157	234	114	-

Details:

1. Times interest earned/Interest coverage ratio: The times interest earned/interest coverage ratio was 14 times for 2022, 64% lower than last year, mainly due to an increase in interest rate, leading to an increase in interest expense by NT$3,697 thousand.
2. Cash flow ratio: The net cash inflow from operating activities increased by NT$524,641 thousand, and cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio increased.
3. Operating leverage/Financial leverage: Due to an increase in net operating income by NT$102,070 thousand, the operating leverage and financial leverage decreased.

Note 1: The data from 2018 through 2022 was audited by CPAs, and the data for 2023 Q1 was reviewed by CPAs.

Note 2: The following calculation formulas should be listed at the end of this table:

1. Financial structure
    (1) Debt ratio = Total liabilities / Total assets
    (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant, and equipment
2. Solvency
    (1) Current ratio = Current assets / Current liabilities
    (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
    (3) Times interest earned/interest coverage ratio = Earnings before interest and taxes / Interest expenses
3. Operating ability
    (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales / Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
    (2) Average days for cash receipts = 365 / Accounts receivable turnover
    (3) Inventory turnover rate= Cost of sales / Average inventory
    (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales / Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
    (5) Average days for sale of goods = 365 / Inventory turnover
    (6) Turnover rate for property, plant and equipment = Net sales / Average net property, plant, and equipment
    (7) Total asset turnover rate = Net sales / Average total assets
4. Profitability
    (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)] / Average total assets
    (2) Equity return ratio = Profit or loss after tax / Average total equity
    (3) Net profit margin = Income or loss after tax / Net Sales.
    (4) Earnings per share = (Income attributable to owners of the parent company - Preferred shares dividends) / Weighted average number of shares issued (Note 3)
5. Cash flow
    (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities
    (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent 5 years / (Capital expenditures + Inventory increment + Cash dividends) for the most recent 5 years
    (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital) (Note 4)
6. Leverage:
    (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income (Note 6).
    (2) Financial leverage = Operating income / (Operating income - Interest expenses)

Note 3: The following matters shall be noted for the calculation formula for earnings per share:
1. The weighted average number of ordinary shares shall prevail rather than the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or trading of treasury shares, the weighted average number of shares in the outstanding period shall be calculated.
3. In the event of capitalization of earnings or capital surplus, when the annual or semi-annual earnings per share for the past years are calculated, retrospective adjustments shall be made as per the capital increase percentage, regardless of the issuance period for the capital increase.
4. If the preference shares are non-convertible cumulative preference shares, the dividends for the year (whether issued or not) should be deducted from the net income after tax or added to the net loss after tax. If the preference shares are non-cumulative in nature, in the case of net income after tax, the preference shares dividend shall be deducted from the net income after tax, while in the case of a loss, adjustment is not required.

Note 4: The following matters shall be noted for cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in statement of cash flows.
2. Capital expenditures refer to the annual cash outflow from capital investments.
3. The increase in inventories is only included when the ending balance is greater than the opening balance. If the inventories decrease at the end of the year, it will be regarded as zero.
4. Cash dividends include cash dividends on ordinary shares and preference shares.
5. Gross property, plant and equipment refers to the total average property, plant and equipment before accumulated depreciation is deducted.

Note 5: The issuer shall divide various operating costs and operating expenses into fixed and variable depending on their characteristics. If there are estimates or subjective judgments involved, it shall pay attention to the reasonableness and maintain consistency.

<u>Note 6: If the Company's stock is no-par-value stock or the par value per share is not NT$10, the equity attributable to the owners of parent company in the balance sheet shall be adopted to calculate the ratio related to the paid-in capital above.</u>

(II) Financial analysis as per the Enterprise Accounting Standard of the Republic of China

Analysis item (Note2)	Year (Note 1)	2022	2021	2020	2019	2018
		Financial analysis for the most recent five years				
Financial structure (%)	Debt ratio	40.35	38.58	35.72	32.51	32.93
	Ratio of long-term capital to property, plant and equipment	205.74	220.98	229.34	224.06	237.26
Solvency %	Quick ratio	92.94	101.60	132.25	96.90	106.61
	Quick ratio	67.19	68.20	110.73	77.16	79.10
	Times interest earned/Interest coverage ratio	14.26	21.57	9.98	21.27	20.59
Operating performance	Accounts receivable turnover (times)	5.47	5.33	4.88	5.10	4.98
	Average collection period (days)	67	68	75	72	73
	Inventory turnover (times)	3.47	4.40	4.97	4.50	4.00
	Accounts payable turnover (times)	5.13	5.57	6.08	6.04	4.51
	Average days in sales	105	83	73	81	91
	Property, plant and equipment turnover (times)	0.98	1.10	0.97	1.06	1.03
	Total assets turnover (times)	0.34	0.37	0.32	0.34	0.34
Profitability	Return on assets (%)	4.22	4.10	2.50	4.63	4.77
	Return on equity (%)	6.52	6.24	3.49	6.62	7.01
	As a percentage of paid-in capital (%): Operating income	5.02		3.31	1.16	7.25
	As a percentage of paid-in capital (%): Income before tax	16.97		7.41	14.98	16.60
	Net profit margin (%)	11.64	10.55	7.16	13.12	13.52
	Earnings per share (NTD)	1.54	1.40	0.76	1.43	1.50
Cash flows	Cash flow ratio (%)	13.25	9.53	1.56	9.45	7.05
	Cash flow adequacy ratio (%)	52.29	15.39	12.22	21.98	16.71
	Cash re-investment ratio (%)	3.77	2.40	0.34	2.69	1.83
Leverage	Operating leverage	725	993	1193	3366	601.15
	Financial leverage	124	120	133	276	113.23

Details:

1. Times interest earned/Interest coverage ratio: The times interest earned/interest coverage ratio was 14.26 times for 2022, 34% lower than last year, mainly due to an increase in interest rate, leading to an increase in interest expense by NT$5,720 thousand.
2. Cash flow ratio: The net cash inflow from operating activities increased by NT$60,814 thousand, and cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio increased.
3. Operating leverage/Financial leverage: Due to an increase in net operating income by NT$21,728 thousand, the operating leverage decreased.

Note 1: The data from 2018 through 2022 was audited by CPAs.

Note 2: The following calculation formulas should be listed at the end of this table:

1. Financial structure
   (1) Debt ratio = Total liabilities / Total assets
   (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
   (3) Times interest earned/interest coverage ratio = Earnings before interest and taxes / Interest expenses
3. Operating ability
   (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales / Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
   (2) Average days for cash receipts = 365 / Accounts receivable turnover
   (3) Inventory turnover rate= Cost of sales / Average inventory
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales / Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
   (5) Average days for sale of goods = 365 / Inventory turnover
   (6) Turnover rate for property, plant and equipment = Net sales / Average net property, plant, and equipment
   (7) Total asset turnover rate = Net sales / Average total assets
4. Profitability
   (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)] / Average total assets
   (2) Equity return ratio = Profit or loss after tax / Average total equity
   (3) Net profit margin = Income or loss after tax / Net Sales.
   (4) Earnings per share = (Income attributable to owners of the parent company - Preferred shares dividends) / Weighted average number of shares issued (Note 5)
5. Cash flow
   (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities
   (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent 5 years / (Capital expenditures + Inventory increment + Cash dividends) for the most recent 5 years
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital) (Note 4)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income (Note 5).
   (2) Financial leverage = Operating income / (Operating income - Interest expenses)

Note 3: The following matters shall be noted for the calculation formula for earnings per share:

1. The weighted average number of ordinary shares shall prevail rather than the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or trading of treasury shares, the weighted average number of shares in the outstanding period shall be calculated.
3. In the event of capitalization of earnings or capital surplus, when the annual or semi-annual earnings per share for the past years are calculated, retrospective adjustments shall be made as per the capital increase percentage, regardless of the issuance period for the capital increase.
4. If the preference shares are non-convertible cumulative preference shares, the dividends for the year (whether issued or not) should be deducted from the net income after tax or added to the net loss after tax. If the preference shares are non-cumulative in nature, in the case of net income after tax, the preference shares dividend shall be deducted from the net income after tax, while in the case of a loss, adjustment is not required.

Note 4: The following matters shall be noted for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in statement of cash flows.
2. Capital expenditures refer to the annual cash outflow from capital investments.

3. The increase in inventories is only included when the ending balance is greater than the opening balance. If the inventories decrease at the end of the year, it will be regarded as zero.
4. Cash dividends include cash dividends on ordinary shares and preference shares.
5. Gross property, plant and equipment refers to the total average property, plant and equipment before accumulated depreciation is deducted.

Note 5: The issuer shall divide various operating costs and operating expenses into fixed and variable depending on their characteristics. If there are estimates or subjective judgments involved, it shall pay attention to the reasonableness and maintain consistency.

Note 6: If the Company's stock is no-par-value stock or the par value per share is not NT$10, the equity attributable to the owners of parent company in the balance sheet shall be adopted to calculate the ratio related to the paid-in capital above.

III. Supervisors' Review Report on the Financial Statements for the Most Recent Year

See page 87.

IV. Annual financial statements for the most recent year:

See pages 98–169.

V. Parent company-only financial statement for the most recent year audited by CPAs

See pages 170–245.

VI. Impact of any difficulty with financial solvency of the Company and its affiliate on the Company's financial position in the most recent year and up to the publication date of this annual report

None.

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

Seven. The Review and Analysis of Financial Position and Financial Performance, and the Risk Matters.

I. Financial position analysis

Unit: NT$ thousand; %

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	1,742,754	1,806,309	(63,555)	(4)
Property, plant and equipment	2,083,751	1,823,602	260,149	14
Investment property	-	9,955	(9,955)	(100)
Intangible assets	38,649	42,277	(3,628)	(9)
Other non-current assets	661,470	685,607	(24,137)	(4)
Total assets	4,526,624	4,367,750	158,874	4
Current liability	1,313,846	1,193,492	120,354	10
Non-current liability	592,291	622,944	(30,653)	(5)
Total liability	1,906,137	1,816,436	89,701	5
Share capital	1,090,938	1,090,938	-	-
Capital surplus	270,775	314,412	(43,637)	(14)
Retained earnings	1,122,869	1,019,697	103,172	10
Other equity	121,461	113,753	7,708	7
Total equity attributable to owners of the parent company	2,606,043	2,538,800	67,243	3
Non-controlling interests	14,444	12,514	1,930	15
Total equity	2,620,487	2,551,314	69,173	3

Analysis of variance in cash flows:

1. Investment property : The Company disposal of investment properties in 2022, the gain on disposal was NT$10,626 thousand.

II. Financial performance analysis

(I) Operating performance analysis

Unit: NT$ thousand; %

Item	2022		2021		Increase/Decrease in amount	Increase/Decrease (%)
	Subtotal	Total	Subtotal	Total		
Net operating revenue		2,225,595		2,171,042	54,553	3
Operating cost		1,808,362		1,814,100	(5,738)	-
Operation gross profit		417,233		356,942	60,291	17
Operating expenses		303,451		345,230	(41,779)	(12)
Net operating income		113,782		11,712	102,070	871
Non-operating revenues and expenses		107,950		221,950	(114,000)	(51)
Other income	16,285		30,164		(13,879)	(46)
Foreign currency exchange gain (loss), net	45,693		(25,141)		70,834	281
Other gains and losses	13,468		(3,442)		16,910	491
Financial costs	(16,518)		(9,821)		(6,697)	(68)
Gain on disposal of right-of-use assets	--		185,165		(185,165)	(100)
Gain on disposal of investment property	10,626		--		10,626	100
Share of profit or loss of affiliates and joint ventures recognized using the equity method	38,396		38,141		255	1
Earnings before tax		221,732		233,662	(11,930)	(5)
Income tax expense		51,607		79,047	(27,440)	(35)
Net income for this period		170,125		154,615	15,510	10
Net income attributable to						
Owners of parent		167,822		153,097	14,725	10
Non-controlling interests		2,303		1,518	785	52
Net income for this period		170,125		154,615		

Analysis of variance in cash flows:

1. Net operating income: Net operating income increased by NT$102,070 thousand, mainly due to an increase in operation gross profit by NT$60,291 thousand, and decrease in operating expenses by NT$41,779 thousand.
2. Non-operating income and expenses: The gains on the disposal of right-of-use assets decreased by NT$185,165 thousand; the net foreign exchange loss increased by NT$70,834 thousand; the gains on the disposal of investment property increased by NT$10,626 thousand; thus, non-operating income and expenses decreased by NT$102,288 thousand.

(II) The reason for the change of the Company's main business scope: None.

(III) The estimated sales volume for the following year and the basis therefor, the potential impact on the Company's future finance, and a response plan:

See page 2 of this annual report for the 2023 Business Plan.

III. Cash flow analysis

(I) Analysis if liquidity for the most recent two years

Item \ Year	December 31, 2022	December 31, 2021	Increase (decrease) (%)
Cash flow ratio	(25.1)%	(16.58)%	251%
Cash flow adequacy ratio	34.13%	8.99%	280%
Cash re-investment ratio	(7.42)%	4.68%	259%
Analysis of variance in cash flows: Cash flow ratio/Cash re-investment ratio: The net cash inflow from operating activities increased by NT$524,641 thousand, and cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio increased.			

(II) Improvement plan for insufficient liquidity: No such situation.

(III) Liquidity analysis for the coming year

Unit: NT$ thousand

Opening cash balance	Net cash flow from operating activities for the year	Cash outflow throughout the year	Cash flow surplus (deficit) amount	Remedial measures for cash flow deficit	
				Investment plans	Financial management plans
812,896	225,054	297,698	740,252	-	-

IV. Impact of major capital expenditures on financial business in the most recent year:

The property, plant and equipment acquired during 2022 totaled NT$306,567 thousand, mainly due to the addition of plant, occupying a area of 17,418 square meters on Gongyequ 1st Road, Taichung City. With a new production site, the management performance and the overall profits will improve.

V. Investment policy for the most recent year, the main reasons for profit or loss, an improvement plan, and an investment plan for the coming year:

None.

VI. Risk management analysis

The risk management analysis for the most recent year and up to the publication date of this annual report is as follows:

(I) Impact of interest rate/foreign exchange rate fluctuations and inflation on the Company's profit or loss and future countermeasures:

1. Interest rates: If the interest rate increased by 0.125%, with all other variables held constant, the income before tax for 2022 would have decreased by NT$186 thousand. Thus, it will not have a significant impact on our profit and loss.
2. Exchange rates: The Company is mainly susceptible to the fluctuations of the USD exchange rates. When the exchange rate of the NTD to USD appreciated by 1%, the income before tax for 2022 would have decreased by NT$7,544 thousand. The Finance Department submits an exchange rate analysis report at least per quarter, and the percentage adopted in the sensitivity analysis when the exchange rate risk is reported to the management team is the reasonable and possible range of foreign currency exchange rates based on the management team's assessment.
3. Inflation: The prices of oil and precious metals fluctuate significantly. The Company refers to market prices to offer quotes on a floating basis.

(II) The policy on engagement in high-risk and highly leveraged investment, loans to others, Endorsement and Guarantee provided, and derivatives trading, the main reason for profit or loss, and countermeasures: The Company did not engage in high-risk and highly leveraged investment, loans to others, and derivative trading during 2022.

(III) Future R&D plans and estimated R&D expenses: See pages 63–64 of this annual report.

(IV) The influence of the changes in important policies and regulatory environment at home or abroad on the Company's financial business, and countermeasures: We have taken appropriate countermeasures against important domestic and foreign policy and changes in laws in recent years, and it has not caused a major impact on the Company's finance.

(V) The impact of changes in technology and the industry on the Company's finance and countermeasures: Future factories will be developed toward smaller, cleaner, more organized ones that are easier to manage with more flexible facilities, including advanced automation technology that enables rapid mass production, to meet clients' and the market's demand for quality and quantity. We will be committed to enhancing production automation, increasing production capacity, improving quality, and cutting costs.

(VI) The impact of a change in corporate image on corporate crisis management and countermeasures: With the continuous expansion of the Company's business scale in recent years, our corporate image has featured good product quality to clients, mass production capabilities, product development capabilities, on-time delivery, and maximum profits to shareholders. We have formulated and improved a crisis management mechanism for corporate crisis management, so we are able to respond to major crises properly when they occur.

(VII) Estimated benefits and potential risks of M&A and countermeasures: None.

(VIII) Estimated benefits and potential risks of plant expansion and countermeasures: The property, plant and equipment acquired during 2022 totaled NT$306,567 thousand, mainly due to the addition of plant, occupying a area of 17,418 square meters on Gongyequ 1st Road, Taichung City. With a new production site, the management performance and the overall profits will improve.

(IX) Risks of supplier or client concentration and countermeasures

1. Purchase: We mainly purchase copper material and have worked with other copper material suppliers to diversify risks.
2. Sales: We sell products to the semiconductor sector; as the increase in demand for end products in automotive electronics, the revenue has increased. We will continue to observe changes in the semiconductor market and respond early.

(X) The impact of massive transfer or replacement of shares by the directors, supervisors, or shareholders each holding more than 10 % of the shares issued by the Company, the risk thereof, and countermeasures: N/A.

(XI) The impact of change in the Company's management right, the risk thereof, and countermeasures: N/A.

(XII) In the case of a court case or a non-contentious case, specify the names of the directors, supervisors, the President, the de facto responsible person, shareholders each holding more than 10% of company shares, or subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders' rights or stock prices, disclose the fact of the contentions, the amount involved, the commencement date of the proceedings, the major litigants in the proceedings, and the status as of the publication date of this report: None.

(XIII) Other important risks and countermeasures: Information disclosures of cyber security management

1. Cyber security management organization

The Company has set up a Cyber Security Organization, which is supervised by the General Administration Department, planned and managed by the Information Department, and implemented and audited by the Information Engineering Section, to coordinate the formulation, management, implementation, and audit of cyber security and data protection policies.

To implement the information security policy formulated by the cyber security organization and ensure internal compliance with information security standards, procedures, and laws and regulations, we have designated the Environment, Safety, and Health Committee to be responsible for awareness-raising, project implementation, education and training and hold quarterly meetings to review the implementation of cyber security and data protection measures by various departments, thereby ensuring the effectiveness of cyber security management.

2. Cyber security policy

To effectively implement information security management, Environment, Safety, and Health Committee of each business division organizes quarterly meetings to review the suitability of cyber security policies and data protection measures, while we adopt the Plan-Do-Check-Act (PDCA) cycle under the international standard framework to make continuous improvements:

(1) The Plan stage is focused on cyber security risk management and the establishment of a complete information security management system (ISMS).

(2) In the Do stage, we have constructed the multi-layer information security protection and zero trust architecture (ZTA) to continuously adopt information security defense technology and an information security control mechanism, while integrating such technology and mechanism to our daily operating processes, such as software and hardware maintenance, supplier information security management. We also systematically monitor cyber security and maintain the confidentiality, integrity, and availability of the Company's important assets.

(3) In the Check stage, we actively monitor the effectiveness of information security management and measure and quantitatively analyze the information security indicators as per the check results.

(4) In the Act stage, we focus on review and continuous improvement to ensure that information security measures continue to be effective, while reviewing various information security measures based on information security indicators. We make improvements, such as education, training, and awareness-raising, to ensure that the Company's critical and confidential information will not be leaked.

3. Specific management plan

Adoption of ZTA:

ZTA is designed based on the following seven zero-trust tenets, and each resource access should be approved after real-time evaluation and confirmation:

(1) All data sources and computing services are considered resources.

(2) All communication is secured regardless of network location.

(3) Access to individual enterprise resources is granted on a per-session basis.

(4) Access to resources is determined by dynamic policy—including the observable state of client identity, application/service, and the requesting asset—and may include other behavioral and environmental attributes.

(5) The enterprise monitors and measures the integrity and security posture of all owned and associated assets.

(6) All resource authentication and authorization are dynamic and strictly enforced before access is allowed.

(7) The enterprise collects as much information as possible about the current state of assets, network infrastructure, and communications and uses it to improve its security posture.

ZTA will be adopted step by step to achieve stricter resource access control.

Adoption of multi-layer information security protection:

(1) Network security covers computer scanning, software update, network firewall, network monitoring, to prevent the spread of computer viruses across machines and factories.
(2) Device security is to build an anti-virus mechanism for machines entering a plant with endpoint anti-virus measures taken to detect malicious software.
(3) Application program security includes an application program security self-inspection checklist, software development process, and a platform security control mechanism.
(4) Cyber security in supply chains is to build a supplier information security self-inspection mechanism and communicate the latest information security rules and matters to be noted.
(5) Data security protection technology is enhanced and data protection tools are adopted to reinforce file confidentiality classification and protection through data labels and data encryption control and follow-up.

4. Major cyber security incidents

The Company was infected by a computer virus in June 2019, affecting dozens of personal computers, without spreading to other plants.

The reason for this virus infection was that an employee did not scan the downloaded files first according to the regulations when installing a driver program on a printer. Although the integrity of the database was not affected and confidential information was not leaked, nor did it cause delays in shipments, the Company immediately took improvement measures, instructed the supervisors of various departments to supervise, require employees at all levels to scan the virus immediately after downloading software, and strengthen the network firewall and network control measures to prevent computer viruses from spreading across machines and plants.

5. The impact of cyber security risk on the Company's finance and countermeasures:

We will continue to formulate network and computer information security protection measures but cannot guarantee that the computer system that controls or maintains the Company's manufacturing operations, finance, and other important business functions can completely avoid “paralyzing” cyber attacks from any third party. Such cyber attacks may invade the Company's intranet illegally and disrupt our operations and damage the Company's reputation. In the event of a serious cyber attack, the Company's system may lose important data, and the production lines may also be shut down.

Cyber attacks may also attempt to steal the Company's trade secrets and other confidential information, such as clients or other stakeholders’ information or our employees’ personal data. Malicious hackers may also try to put computer viruses, destructive software, or ransomware in the Company's network system to interfere with our operations, blackmail the Company, gain control over our computer system, or spy on our confidential information. Such attacks may cause the Company to compensate clients for their losses due to delays in shipments or interruptions of orders or may cause the Company to be involved in court cases or regulatory investigations due to leakages of employees, clients, or third-party data that the Company is obliged to keep confidential and assume great liabilities.

We will continue to review and evaluate information security rules and regulations and procedures to ensure the appropriateness and effectiveness thereof. However, we may not guarantee that the Company will not be affected by new risks and attacks arising from the ever-changing information security threats.

VII. Other important matters

None.

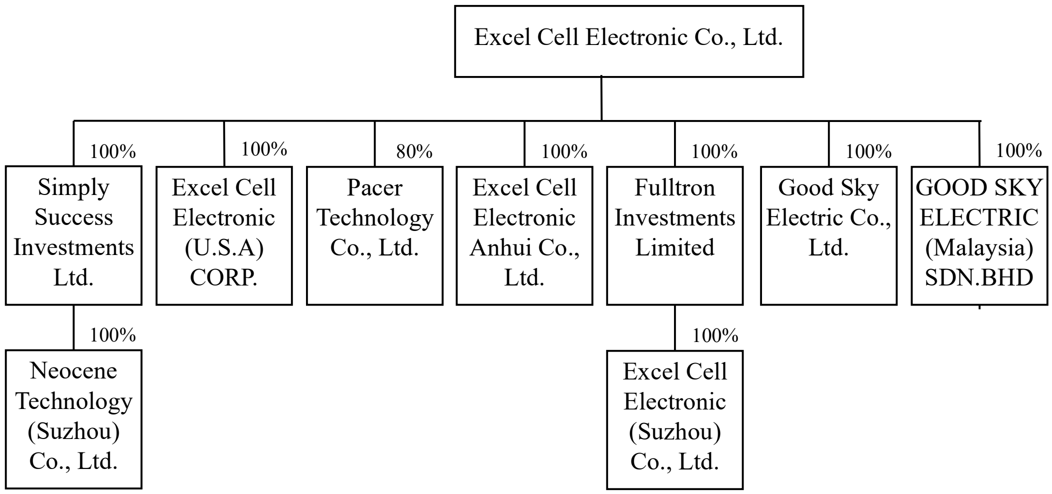
Eight. Special Matters

I. Information on affiliates

(I) Consolidated Business Report.

1. Overview of affiliates:

(1) Organizational chart of affiliates



(2) Basic information on each affiliate:

Unit: NTD

Name of enterprise	Date of incorporation	Address	Paid-in capital	Principal business or products
Pacer Technology Co., Ltd. (Pacer Technology)	1989.12.08	4F, No. 20, Gongye 25th Rd., Nantun District, Taichung City	NTD 24,000,000	Trading of various electronic products and components
Excel Cell Electronic (U.S.A) CORP. (ECE USA)	1996.07.18	628 Route 10, Unit 12, Whippany, NJ07981 USA	USD250,000	Trading of various electronic products
Fulltron Investments Limited (Fulltron Samoa)	2003.01.03	Offshore Chambers, P.O.Box 217,Apia Samoa	USD 11,650,000	A holding company
Excel Cell Electronic (Suzhou) Co., Ltd. (Excel Cell (Suzhou))	2003.01.27	No.577, Chenyun Road, Xiangcheng Area, Suzhou, Jiangsu Province, China	USD 11,000,000	Processing, manufacturing, and trading of all types of electronic products
Excel Cell Electronic Anhui Co., Ltd. (Excel Cell Anhui)	2018.07.19	No. 529, Huzhou Road, Sino Singapore Suzhou Chuzhou High Tech Zone, Chuzhou City, Anhui Province	USD 21,000,000	Processing, manufacturing, and trading of all types of electronic products
Good Sky Electric Co., Ltd. (Good Sky)	2004.12.20	No. 20, Gongyequ 25th Rd., Taichung City	NTD 1,000,000	Processing, manufacturing, and trading of all types of electronic products
GOOD SKY ELECTRIC (Malaysia) SDN. BHD (GOOD SKY Malaysia)	1999.12.08	5,Jalan Lampam,13700 Seberang Jaya,Pulau Pinang , Malaysia	RM375,163	Trading of various electronic products
SIMPLY SUCCESS INVESTMENTS LTD. (SIMPLY SUCCESS)	2000.12.15	P O Box 3321,Road Town,Tortola,British Virgin Islands	USD 2,820,000	A holding company
Neocene Technology (Suzhou) Co., Ltd. (Neocene Technology (Suzhou) Co., Ltd.)	2001.01.02	No.577, Chenyun Road, Xiangcheng Area, Suzhou, Jiangsu Province, China	USD 1,000,000	Manufacturing and trading of electronic components

(3) Information on those presumed to be controlling and controlled companies as per Article 369-3 of the Company Act: None.

(4) If the industries within the scope of affiliates' business and their business are related to each other, the division of labor shall be specified:

Name of enterprise	Industry	Division of labor
Pacer Technology	Trading	Business expansion
ECE USA	Trading	Business expansion
Fulltron Samoa	Investment	None
Excel Cell (Suzhou)	Manufacturing	Outsourced processing and business expansion
Excel Cell Anhui	Manufacturing	Outsourced processing and business expansion
Good Sky	Manufacturing	Business expansion
GOOD SKY Malaysia	Trading	Business expansion
SIMPLY SUCCESS	Investment	None
Neocene Technology (Suzhou) Co., Ltd.	Manufacturing	Outsourced processing and business expansion

(5) Overview of affiliates' business

Unit: NT$ thousand

Name of enterprise	Capital	Total assets	Total liability	Net worth	Operating revenue	Operating income	Profit or loss for this period (after tax)	Earnings per share (NTD) (after tax)
Pacer Technology	24,000	84,297	12,148	72,149	49,911	9,151	11,505	4.79
ECE USA	7,578	51,410	16,390	35,020	70,370	9,236	12,182	Note
Fulltron Samoa	374,192	375,908	0	375,908	0	(43)	48,369	Note 1
Excel Cell (Suzhou)	369,441	413,887	38,028	375,859	451,072	62,210	48,397	Note 1
Excel Cell Anhui	623,561	641,310	141,272	500,038	452,334	(39,133)	(37,104)	Note 1
Good Sky	1,000	26,505	1,719	24,786	8,122	(1,069)	13,681	137
GOOD SKY Malaysia	1,235	9	(8)	17	828	0	(12)	Note 1
SIMPLY SUCCESS	103,888	102,684	605	102,079	0	(588)	175	Note 1
Neocene Technology (Suzhou) Co., Ltd.	30,365	143,622	40,622	102,402	3,238	(3,205)	762	Note 1

Note 1: As the affiliate is a limited company, it is not applicable.

(6) Information on directors, supervisors, and presidents of affiliates:

Unit: NT$ thousand; share; %

Name of enterprise	Title	Name or representative	Shareholding: Number of shares or capital contribution	Shareholding: Shareholding
Controlling company: Excel Cell Electronic Co., Ltd.	Chairman (President)	Liao Pen-Lin	7,339,548 shares	6.72%
	Director	Hsiao Teng-Tang	6,745,729 shares	6.18%
	Director	Liao Pen-Tien	1,594,935 shares	1.46%
	Director	Hsu Min-Cheng	30,000 shares	0.03%
	Director	Liao Yueh-Shiang	1,185,389 shares	1.09%
	Independent director	Hsu Ching-Tao	-	-
	Independent director	Chen Hsiang-Ning		
	Independent director	Terry Chiang	-	-
	Independent director	Chiu Chuan-Tzu		
Subsidiaries: Pacer Technology	Chairman	Representative of Excel Cell Electronic Co., Ltd.: Liao Pen-Lin	1,919,600 shares	79.98%
	Director	Chang Fang-Jui	406,400 shares	16.94%
	Director	Liao Yueh-Shiang	74,000 shares	3.08%
	Supervisor	Hsiao Teng-Tang	0 shares	-
Subsidiaries: ECE USA	Director	Representative of Excel Cell Electronic Co., Ltd.: Liao Pen-Lin	Contribution US$250 thousand	100%
	Director	Representative of Excel Cell Electronic Co., Ltd.: Hsiao Teng-Tang		
	Director	Representative of Excel Cell Electronic Co., Ltd.: Lin Chin		
Subsidiaries: Fulltron Samoa	Director	Representative of Excel Cell Electronic Co., Ltd.: Liao Pen-Chu	Contribution US$11,650 thousand	100%
Subsidiaries: Excel Cell (Suzhou)	Chairman (President)	Representative of Fulltron Samoa: Hsu Min-Cheng	Contribution US$11,000 thousand	100%
	Director	Representative of Fulltron Samoa: Liao Yueh-Shiang		
	Director	Representative of Fulltron Samoa: Tsai Huai-Jen		
	Supervisor	Representative of Fulltron Samoa: Liao Pen-Tien		
Subsidiaries: Excel Cell Anhui	Chairman (President)	Representative of Excel Cell Electronic Co., Ltd.: Hsu Min-Cheng	Contribution US$21,000 thousand	100%
	Director	Representative of Excel Cell Electronic Co., Ltd.: Shih Li-Mo		
	Director	Representative of Excel Cell Electronic Co., Ltd.: Tsai Huai-Jen		
	Supervisor	Representative of Excel Cell Electronic Co., Ltd.: Liao Yueh-Shiang		
Subsidiaries: Good Sky	Chairman	Representative of Excel Cell Electronic Co., Ltd.: Liao Pen-Lin	100,000 shares	100%
	Director	Representative of Excel Cell Electronic Co., Ltd.: Liao Yueh-Shiang		
	Director	Representative of Excel Cell Electronic Co., Ltd.: Hsu Min-Cheng		
	Supervisor	Representative of Excel Cell Electronic Co., Ltd.: Liao Pen-Tien		
	Director	Representative of Excel Cell Electronic Co., Ltd.: Liao Pen-Lin		
	Director	Representative of Excel Cell Electronic Co., Ltd.: Hsiao Teng-Tang		

Name of enterprise	Title	Name or representative	Shareholding	
			Number of shares or capital contribution	Shareholding
Subsidiaries: GOOD SKY Malaysia	Director	Representative of Excel Cell Electronic Co., Ltd.: Liao Pen-Lin	Contribution MYR 375 thousand	100%
	Director	Representative of Excel Cell Electronic Co., Ltd.: Hsu Min-Cheng		
	Director	Representative of Excel Cell Electronic Co., Ltd.: Hung Kuo-Hsiung		
Subsidiaries: SIMPLY SUCCESS	Director	Representative of Excel Cell Electronic Co., Ltd.: Liao Pen-Lin	Contribution US$2,820,000	100%
Subsidiaries: Neocene Technology (Suzhou) Co., Ltd.	Chairman	SIMPLY SUCCESS INVESTMENTS LTD. Representative: Hsu Min-Cheng	Contribution US$1,000,000	100%
	Director (President)	SIMPLY SUCCESS INVESTMENTS LTD. representative: Tsai Huai-Jen		
	Director	SIMPLY SUCCESS INVESTMENTS LTD. Representative: Shih Li-Mo		
	Supervisor	SIMPLY SUCCESS INVESTMENTS LTD. Representative: Tsai Ti-Yi		

(II) Consolidated financial statements of affiliates: Please refer to (page 98–169).

(III) Affiliation report: The Company is not a subsidiary of other companies, so there is no need to prepare an affiliation report.

II. Private placement of securities in the most recent year up to the publication date of this annual report

None.

III. Subsidiaries holding or disposing of the Company's shares during the most recent year and up to the publication date of this annual report

None.

IV. Other necessary supplementary information

None.

V. Any event specified in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders' equity or securities prices during the most recent year and up to the publication date of this annual report

None.

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Excel Cell Electronic Company Limited as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Excel Cell Electronic Company Limited and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

EXCEL CELL ELECTRONIC COMPANY LIMITED

By

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Liao Pen-Lin
Chairman
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:

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. 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 AMOUNT	%	December 31, 2021 AMOUNT	%
	CURRENT ASSETS				
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 (Note4 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	1,742,754	38	1,806,309	41
	NONCURRENT ASSETS				
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	2,783,870	62	2,561,441	59
1XXX	TOTAL	$ 4,526,624	100	$ 4,367,750	100
CODE	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
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	1,313,846	29	1,193,492	28
	NONCURRENT LIABILITIES				
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	592,291	13	622,944	14
2XXX	Total liabilities	1,906,137	42	1,816,436	42
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
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	2,606,043	58	2,538,800	58
36XX	NON - CONTROLLING INTERESTS	14,444	-	12,514	-
3XXX	Total equity	2,620,487	58	2,551,314	58
	TOTAL	$ 4,526,624	100	$ 4,367,750	100

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)

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	OPERATING REVENUE, NET (Note 4 and 26)	$ 2,225,595	100	$ 2,171,042	100
5000	OPERATING COSTS (Notes 10, 21 and 26)	1,808,362	81	1,814,100	83
5900	GROSS PROFIT	417,233	19	356,942	17
	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	88,510	4	99,539	5
6000	Total operating expenses	303,451	14	345,230	16
6900	PROFIT FROM OPERATIONS	113,782	5	11,712	1
	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)	52,218	2	(35,189)	(2)
7000	Total non-operating income and expenses	107,950	5	221,950	10
7900	INCOME BEFORE INCOME TAX	221,732	10	233,662	11

(Continued)

(Continued)

Code		2022 Amount	2022 %	2021 Amount	2021 %
7950	INCOME TAX EXPENSE (Note 4 and 22)	$ 51,607	2	$ 79,047	4
8200	NET PROFIT FOR THE YEAR	170,125	8	154,615	7
	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)	24,102	1	(6,590)	-
8300	Other comprehensive gain (loss) for the year, net of income tax	4,521	-	80,204	4
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 174,646	8	$ 234,819	11
	NET PROFIT ATTRIBUTABLE TO:				
8610	Shareholders of the Company	$ 167,822	8	$ 153,097	7
8620	Non-controlling interests	2,303	-	1,518	-
8600		$ 170,125	8	$ 154,615	7

(Continued)

(Continued)

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

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									
				Retained Earnings (Note 20)			Other Equity				
		Share Capital (Note 20)	Capital Surplus (Note 20)	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	Non-Controlling Interests	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	$ 15,686	$ 2,381,380
	Appropriation of 2020 earnings										
B1	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
	Appropriation of 2021 earnings										
B1	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
	CASH FLOWS FROM OPERATING ACTIVITIES		
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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(Continued)

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	329,752	(197,889)
	CASH FLOWS FROM INVESTING ACTIVITIES		
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	-	188,311
BBBB	Net cash used in investing activities	(340,418)	(268,623)
	CASH FLOWS FROM FINANCING ACTIVITIES		
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	(1,682)	(6,121)
CCCC	Net cash generated from financing activities	220,149	177,683
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	13,662	(4,319)

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(Continued)

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. COMPANY HISTORY

Excel Cell Electronic Company Limited (the “Company,” the Company and its subsidiaries are collectively referred to as the “Group”) was incorporated in December 1981 and is mainly engaged in the manufacture and sale of electronic components such as programmable switches, relays, terminal blocks, and lead frames, as well as the processing and sale of various batteries. Its products are main components for computer and communication equipment.

The Company’s shares have been listed and traded on the Taiwan Stock Exchange since September 17, 2001. The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Company’s board of directors on March 8, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company and its subsidiaries (collectively as the “Group”).

b) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except those deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability arising from Sale and Leaseback Transactions"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit assets (liabilities) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of Current and Non-Current Assets and Liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents, but unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-company transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

1) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and

2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

The Group shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss.

The detailed information of subsidiaries (including the percentage of ownership and main business) is referred to Note 12, Tables 5 and 6.

e. Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the exchange rates at the dates of the transactions. At the end of each balance sheet date, monetary items denominated in foreign currencies are retranslated at the exchange rates at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, exchange differences arising thereon from part of a net investment in the foreign operation and are recognized in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the exchange rates at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and not retranslated subsequently.

For the purpose of presenting the consolidated financial statements, the functional currencies of its foreign operations are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an association that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation which is attributable to the owners of the Company are reclassified to profit or loss.

In relation to partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified as profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, work-in-process, semi-finished good, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted average method.

g. Investments in Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, Plant, and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer from the property, plant and equipment classification to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating unit") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of Property, Plant and Equipment, Right-of-Use Asset, and Intangible Assets other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

m. Financial Instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement Category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial Assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL; such assets include debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 25.

ii. Financial Assets at Amortized Cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

I. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

II. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, restricted bank deposit, notes and accounts receivable, other receivables, and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

I. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and.

II. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

I. Significant financial difficulty of the issuer or the borrower;

II. Breach of contract, such as a default;

III. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

IV. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and bank acceptances with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in Equity Instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of Financial Assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instruments at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group:

i) Internal or external information shows that the debtor is unlikely to pay its creditors.

ii) When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of Financial Assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial Liabilities

a) Subsequent measurement

The Group's financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.
For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location, the goods are shipped and the goods are picked up by customers because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable and contract assets are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as Lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as Lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

q. Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. Employee Benefits

1) Short-term Employee Benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement Benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current Tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and Deferred Taxes for the Year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATIONS, ASSUMPTIONS AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgements, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the critical accounting estimates. The estimations and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimations are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

Major Sources of Estimation Uncertainty - Impairment of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	$ 862	$ 1,105
Checking accounts and demand deposits	557,532	574,804
Cash equivalents		
(Investment with original maturities of 3 months or less)		
Repurchase agreements collateralized by bonds	153,145	13,842
Certificates of deposit	101,537	-
	$ 812,896	$ 589,751

The market rate intervals of cash in bank and bank overdrafts at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Repurchase agreements collateralized by bonds (%)	4.30	0.28
Time deposits (%)	1.75-1.80	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31, 2022	December 31, 2021
Held for trading - Financial assets		
Non-derivative financial assets		
Mutual funds	$ 46,077	$ 61,940

8. FINANCIAL ASSETS AT AMORTIZED COST – CURRENT

According to "The Regulations on Industries Investment from Repatriated Offshore Funds", the Company has submitted an investment proposal and was approved by Industrial Development Bureau, Ministry of Economic Affairs. Based on the regulation, the deposits are restricted only to approved investment project, and should not be used for other purposes.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
Notes receivable - Unrelated parties		
At amortized cost	$ 36,786	$ 63,814
Accounts receivable		
At amortized cost	$ 338,013	$ 405,246
Less: Loss Allowance	(685)	(808)
	$ 337,328	$ 404,438

The average credit period of sales of goods was 60-125 days. No interest was charged on receivables. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's credit exposure and the credit ratings of its counterparties are continuously monitored.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate loss allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to Lifetime ECLs. The Lifetime ECLs are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group had no overdue notes receivable. The following table details the loss allowance of accounts receivable.

	Not Past Due	Past Due 1-90 Days	Past Due 91-180 Days	Past Due 181-365 Days	Past Due Over 365 Days	Total
December 31, 2022						
Expected credit loss rate	0.01%-0.03%	1%	5%	10%	100%	
Gross carrying amount	$ 281,351	$ 55,507	$ 1,114	$ -	$ 41	$ 338,013
Loss allowance (Lifetime ECL)	(33)	(555)	(56)	-	(41)	(685)
Amortized cost	$ 281,318	$ 54,952	$ 1,058	$ -	$ -	$ 337,328
December 31, 2021						
Expected credit loss rate	0.01%-0.03%	1%	5%	10%	100%	
Gross carrying amount	$ 333,769	$ 71,154	$ 276	$ 6	$ 41	$ 405,246
Loss allowance (Lifetime ECL)	(43)	(709)	(14)	(1)	(41)	(808)
Amortized cost	$ 333,726	$ 70,445	$ 262	$ 5	$ -	$ 404,438

The movements of the loss allowance of accounts receivable were as follows:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Balance, beginning of year	$ 808	$ 771
Provision (Reversal)	(127)	38
Effect of exchange rate changes	4	(1)
Balance, end of year	$ 685	$ 808

10. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	$ 177,717	$ 154,934
Semi-finished goods	108,019	157,851
Work in process	42,330	77,388
Raw materials	132,501	196,935
Merchandise	6,400	4,039
	$ 466,967	$ 591,147

The costs of the loss for market price decline and obsolete and slow-moving inventories recognized in operating costs for the years for the years ended December 31, 2022 and 2021 were $13,714 thousand and $25,963 thousand respectively.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NONCURRENT

Investments in Equity Instruments

	December 31, 2022	December 31, 2021
Domestic investments		
Listed shares		
P-DUKE TECHNOLOGY CO., LTD.	$ 116,104	$ 101,322
MAX ECHO TECHNOLOGY CORP.	80,768	116,117
BASSO INDUSTRY CORP.	4,095	4,370
Unlisted shares		
ASEP TEC CO., LTD.	42,940	42,777
LETEX TECHNOLOGY CORP.	4,500	4,500
FUJITER SEMICONDUCTOR CO., LTD.	3,020	3,020
SUNSINO DEVELOPMENT ASSOCIATE INC.	1,944	1,944
DER YANG BIOTECHNOLOGY VENTURE CAPITAL CO., LTD	153	236
HUA ZHONG VENTURE CAPITAL CO., LTD	122	122
GET-TEAM TECH CORPORATION	-	4,070
WK ASSOCIATES EIGHTH VENTURE CAPITAL CO., LTD	-	598
INITIO CORPORATION	-	-
	$ 253,646	$ 279,076

These investments in equity instruments are held for medium to long-term strategic purposes. The management designates as these investments in equity instruments as at FVTOCI as they consider that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

12. SUBSIDIARIES

The detailed information of the subsidiaries at the end of the reporting period was as follows:

		Percentage of Ownership	
Investor	Investee	December 31, 2022	December 31, 2021
The Company	PACER TECHNOLOGY CO., LTD. (PACER TECH)	80	80
	Excel Cell Electronic (U.S.A.) Co., Ltd.（ECE USA）	100	100
	Fulltron Investments Limited （Fulltron Samoa）	100	100
	GOOD SKY ELECTRIC CO.,LTD (GOOD SKY ELECTRIC)	100	100
	Good Sky Electric (Malaysia) SDN. BHD.（Good Sky Malaysia）	100	100
	Simply Success Investments Ltd. （Simply Success）	100	100
	EXCEL Cell Electronic Anhui Co., Ltd. (EXCEL Anhui)	100	100
	Good Sky Electric (BVI) Ltd.（Good Sky BVI）	-	100
Fulltron Samoa	EXCEL Cell Electronic Suzhou Co., Ltd. (EXCEL Suzhou)	100	100
Simply Success	Neocene Technology (Suzhou) Corp. (Neocene Suzhou)	100	100
Good Sky BVI	Good Sky Relay (Shenzhen) Ltd. （Good Sky Shenzhen）	-	100

The subsidiaries included in the Consolidated Financial Statements were calculated based on financial statements which have been audited in 2022 and 2021.

The Group purchased the 100% ownership of EXCEL Anhui from EXCEL Suzhou for CNY60,000 thousand due to the Group reorganization in March 2021, approved by the board of directors.

The Group liquidated Good Sky BVI and its subsidiary, Good Sky Shenzhen, in September 2022.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	December 31, 2022	December 31, 2021
Associates that are not individually material		
Fuzetec Technology Co., Ltd. (Fuzetec Technology)	$ 258,537	$ 252,422

Name of Associate	Proportion of Ownership and Voting Rights December 31, 2022	Proportion of Ownership and Voting Rights December 31, 2021
Fuzetec Technology	24	24

Aggregate information of associates that are not individually material

	Years Ended December 31, 2022	Years Ended December 31, 2021
The Group's share of		
Net profit for the year	$ 38,396	$ 38,141
Other comprehensive income (loss) for the year	279	(46)
Total comprehensive income for the year	$ 38,675	$ 38,095

The investment was accounted for using the equity method and the share of profit or loss and other comprehensive income; this investment was calculated based on financial statements which have been audited in 2022 and 2021.

14. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2022	Balance at January 1	Additions	Disposals	Reclassified	Effect of foreign currency exchange differences	Balance at December 31
Cost						
Freehold Land	$ 712,391	$ -	$ -	$ -	$ -	$ 712,391
Buildings	654,176	69,082	-	179,901	4,617	907,776
Machinery and Equipment	978,528	196,431	(62,701)	34,463	3,707	1,150,428
Other Equipment	699,387	66,401	(10,541)	3,513	2,253	761,013
Equipment under Installation and Construction in Progress	226,253	76,940	-	(180,253)	(112)	122,828
Cost Total	3,270,735	$ 408,854	($ 73,242)	$ 37,624	$ 10,465	3,654,436
Accumulated depreciation						
Buildings	260,704	$ 25,201	$ -	$ -	$ 1,234	287,139
Machinery and Equipment	621,246	73,998	(17,627)	-	1,591	679,208
Other Equipment	565,183	45,342	(7,681)	-	1,494	604,338
Accumulated depreciation Total	1,447,133	$ 144,541	($ 25,308)	$ -	$ 4,319	1,570,685
	$1,823,602					$2,083,751

For the year ended December 31, 2021	Balance at January 1	Additions	Disposals	Reclassified	Effect of foreign currency exchange differences	Balance at December 31
Cost						
Freehold Land	$ 712,391	$ -	$ -	$ -	$ -	$ 712,391
Buildings	696,679	19,225	(80,189)	21,179	(2,718)	654,176
Machinery and Equipment	990,059	83,520	(141,965)	49,779	(2,865)	978,528
Other Equipment	729,010	44,587	(80,834)	8,187	(1,563)	699,387
Equipment under Installation and Construction in Progress	100,190	133,258	(829)	(6,360)	(6)	226,253
Cost Total	3,228,329	$ 280,590	($ 303,817)	$ 72,785	($ 7,152)	3,270,735
Accumulated depreciation						
Buildings	292,997	$ 24,222	($ 55,510)	$ -	($ 1,005)	260,704
Machinery and Equipment	691,616	60,714	(130,970)	-	(114)	621,246
Other Equipment	597,277	46,182	(77,140)	-	(1,136)	565,183
Accumulated depreciation Total	1,581,890	$ 131,118	($ 263,620)	$ -	($ 2,255)	1,447,133
	$1,646,439					$1,823,602

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Main buildings	20-55 years
Electrical and mechanical equipments	3-10 years
Others	2-20 years
Machinery equipments	2-10 years
Other equipment	2-35 years

The property, plant and equipment of the Group are owned for own use and not lease out under operating leases.

Refer to Note 27 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings granted to the Group.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount		
Land	$ 22,356	$ 22,542
Buildings	3,078	4,333
Transportation equipment	117	393
	$ 25,551	$ 27,268

	Years Ended December 31, 2022	Years Ended December 31, 2021
Additions to right-of-use assets	$ -	$ 462
Depreciation of right-of-use assets		
Land	$ 530	$ 552
Buildings	1,646	1,811
Transportation equipment	282	69
	$ 2,458	$ 2,432

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the year ended December 31, 2021 and 2020.

In April 2022, Neocene Suzhou, subsidiary of the Group, entered into a contract with the House Repurchase Office of Chengyang Subdistrict, Xiangcheng District, Suzhou City, in resumption land use right and buildings for a disposal price of $212,710 thousand and recognized a gain on disposal of $185,165 thousand.

b. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts		
Current portion	$ 1,215	$ 1,589
Noncurrent portion	$ 2,136	$ 3,030

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Land	5%	5%
Buildings	5%-7%	5%-7%
Transportation equipment	3%-7%	3%-7%

c. Material leasing activities and terms

The Group leases land, buildings, transportation equipment and other equipment for the use of manufacturing and operating with lease terms of 1 to 50 years. The lease agreement stipulates that the Group shall not resell, mortgage, pawn, or sublease all leased equipment. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor’s consent.

d. Other lease information

	Years Ended December 31, 2022	Years Ended December 31, 2021
Expenses relating to short-term leases	$ 64	$ 8,258
Expenses relating to low-value asset leases	$ 541	$ 564
Total cash outflow for leases	$ 2,656	$ 10,633

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31, 2022	December 31, 2021
Lease commitments	$ 725	$ 1,165

The Group leases certain office equipment and machinery and equipment which qualify as short-term and low-value asset leases, and the Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTY

	December 31, 2022	December 31, 2021
Land	$ -	$ 4,149
Buildings	-	8,687
Less: Accumulated depreciation	-	(2,881)
	$ -	$ 9,955
Fair Value	$ -	$ 23,652

Investment properties are depreciated using the straight-line method over their estimated useful lives of 50 years.

In September 2022, the Group disposal the land and buildings in the Tongxin section of Xizhi District for $20,453 thousand. The title transfer were completed in October 2022 and recognized a gain on disposal of $10,626 thousand.

The determination of fair value was not performed by independent qualified professional valuers. The management of the Group determined the fair value with reference to market transaction prices of similar properties.

17. BORROWINGS

a. Short-term borrowings

	December 31, 2022	December 31, 2021
Line of credit	$ 410,000	$ 260,000
Annual interest rate (%)	1.38-1.69	0.79-0.80

b. Short-term bills payable

	December 31, 2022	December 31, 2021
Commercial paper	$ 380,000	$ 380,000
Annual interest rate (%)	1.57-1.72	0.61-0.63

c. Long-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings	$ 537,577	$ 533,667
Secured borrowings	138,900	68,400
	676,477	602,067
Less: Current portion	(136,859)	(49,529)
Government subsidies	(9,273)	(9,344)
Long-term borrowings	$ 530,345	$ 543,194
Annual interest rate (%)		
Unsecured borrowings	1.725-5.60	1.10-2.14
Secured borrowings	1.725	1.10

The due dates of unsecured borrowings are between March 2023 and December 2029.

The secured borrowings were secured by land and buildings and due on June 2031. Refer to Note 27 for the details.

The Group obtained a government preferential interest rate loan from the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan." The loan is used for working capital, purchasing machinery and equipment, and constructing plants with a credit period of 7 to 10 years. The difference between the amount obtained and the fair value is regarded as an interest-free government loan recognized as deferred income. The deferred income is recognized as other income as expenses are incurred over time.

18. OTHER PAYABLES

	December 31, 2022	December 31, 2021
Payable for salaries or bonuses	$ 59,663	$ 66,271
Payable for employees' compensation and remuneration to directors	12,541	11,994
Others	46,674	53,527
	$ 118,878	$ 131,792

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and PACER TECH adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

EXCEL Suzhou, Good Sky Shenzhen, Neocene Suzhou and EXCEL Anhui also make monthly contributions at certain percentages of the basic salary of their employees in accordance with the PRC regulations. ECE USA and Good Sky Malaysia also make contributions to defined contribution plan in accordance with the local regulations. In addition, no retirement plan has been established for holding company for overseas investment.

b. Defined benefit plans

The defined benefit plan adopted by the part of employees in the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 90,069	$ 104,909
Fair value of plan assets	(91,514)	(94,862)
Net defined benefit liability (asset)	($ 1,445)	$ 10,047

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 108,123	($ 93,396)	$ 14,727
Service cost			
Current service cost	174	-	174
Net interest expense (income)	318	(275)	43
Recognized in profit or loss	492	(275)	217
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,406)	(1,406)
Actuarial loss - changes in demographic assumptions	94	-	94
Actuarial gain - changes in financial assumptions	(4,160)	-	(4,160)
Actuarial loss – experience adjustments	2,439	-	2,439
Recognized in other comprehensive income	(1,627)	(1,406)	(3,033)
Contributions from the employer	-	(1,864)	(1,864)
Benefits paid	(2,079)	2,079	-
Balance at December 31, 2021	104,909	(94,862)	10,047
Service cost			
Current service cost	114	-	114
Net interest expense (income)	703	(639)	64
Recognized in profit or loss	817	(639)	178
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,356)	(7,356)
Actuarial loss - changes in demographic assumptions	83	-	83
Actuarial gain - changes in financial assumptions	(5,389)	-	(5,389)
Actuarial loss – experience adjustments	11,393	-	11,393
Recognized in other comprehensive income	6,087	(7,356)	(1,269)
Contributions from the employer	-	(1,783)	(1,783)
Benefits paid	(21,744)	13,126	(8,618)
Balance at December 31, 2022	$ 90,069	($ 91,514)	($ 1,445)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate (%)	1.3-1.35	0.70
Expected rate of salary increase (%)	2.00	2.00
Turnover rate (%)	0.15-0.56	0.14-0.68

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase as follows:

	December 31, 2022	December 31, 2021
Discount rate(s)		
0.25% increase	($ 2,105)	($ 2,519)
0.25% decrease	$ 2,183	$ 2,619
Expected rate(s) of salary increase		
0.25% increase	$ 2,163	$ 2,579
0.25% decrease	($ 2,096)	($ 2,494)
Turnover rate(s)		
10% increase	($ 27)	($ 59)
10% decrease	$ 27	$ 59

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2022	December 31, 2021
The expected contributions to the plan for the next year	$ 1,760	$ 1,796
The average duration of the defined benefit obligation (years)	9-11	9-12

20. EQUITY

a. Ordinary Shares

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	134,000	134,000
Authorized capital	$ 1,340,000	$ 1,340,000
Issued and paid shares (in thousands)	109,094	109,094
Issued capital	$ 1,090,938	$ 1,090,938

The holders of issued ordinary shares with a par value of $10 are entitled to the right to vote and to receive dividends.

b. Capital Surplus

	December 31, 2022	December 31, 2021
Additional paid-in capital	$ 5,705	$ 49,342
From difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal	262	262
From share of changes in equities of associates	39,153	39,153
From merger	225,655	225,655
	$ 270,775	$ 314,412

Such capital surplus, additional paid-in capital (including the excess of par value of ordinary shares issued, permission on Convertible bonds, Treasury stock trading, the difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal, etc.) and donated surplus, may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's contributed capital and to once a year).

The capital surplus from share of changes in equities of associates which accounted for by using the equity method can only use to cover accumulated deficits.

c. Retained Earnings and Dividend Policy

Under the dividends policy as set forth in the Articles, due to the company's future capital requirements and long-term financial planning, as well as fulfilling its shareholders' demand for cash inflow, where the company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting prior years' losses, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the company's total issued capital, setting aside or reversing a special surplus reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In addition, cash dividends should not be less than 10% of the total dividends to be appropriated. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirements and other plans for sustainable development needs in assessing the amount of dividends distributed by the Company.

The Company distributes its legal reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to cover accumulated deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings 2021 and 2020 were as follows:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Legal reserve	$ 16,139	$ 7,491
Cash dividends	65,456	32,728
Cash dividends per share (NT$)	0.6	0.3

In the board of directors on March 2022 and 2021, the Company approved to distribute $43,637 thousand and $43,638 thousand of capital surplus as cash dividends, respectively.

The appropriation of earnings for 2022 that were approved in the board of directors on March 8, 2023 was as follows:

	Appropriation of Earnings
Legal reserve	$ 17,153
Cash dividends	65,456
Cash dividends per share (NT$)	0.6

In the board of directors on March 8, 2023, the Company purpose to distribute $43,637 thousand of capital surplus as cash dividends.

The cash dividends mentioned above were approved in the board of directors on March 8, 2023, the appropriations of earnings for 2022 are subject to the resolution of the shareholders in their meeting to be held in May 2023.

d. Special Surplus Reserve

	December 31, 2022	December 31, 2021
Balance at January 1	$ 19,870	$ 25,070
Special reserve reversed		
Disposal of subsidies and associates	(2,898)	(5,200)
Balance at December 31	$ 16,972	$ 19,870

On the first-time adoption of IFRSs, the Group transferred accounted cumulative translation adjustment to retained earnings and also made the same amount provisions of special surplus reserve. If a special surplus reserve appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations (including subsidiaries), the special surplus reserve will be reversed proportionately on the Company's disposal of subsidiaries and associates; on the Company's loss of significant influence; however, the entire special surplus reserve will be reversed.

Due to subsidiaries liquidated in August 2022 and May 2021, the special surplus reserve of $2,898 thousand and $5,200 thousand is reversed.

21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other income

	Years Ended December 31, 2022	Years Ended December 31, 2021
Dividends	$ 14,656	$ 12,050
Others	16,285	30,164
	$ 30,941	$ 42,214

b. Other gains and losses

	Years Ended December 31, 2022	Years Ended December 31, 2021
Foreign exchange gain (loss)	$ 45,693	($ 25,141)
Gain on disposal of investment properties (Note 16)	10,626	-
Gain (Loss) on disposal of property, plant and equipment	1,408	(5,747)
Loss on disposal investment	-	(2,768)
Financial assets mandatorily classified as at FVTPL	(3,497)	561
Others	(2,012)	(2,094)
	$ 52,218	($ 35,189)

c. Finance Costs

Information about capitalized interest is as follows:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Capitalized interest amount	$ 1,642	$ 576
Capitalization rate (%)	1.07-1.60	0.87

d. Employee Benefits Expense, Depreciation and Amortization

Nature	Operating cost	Operating expenses and non-operating expenses	Total
Years Ended December 31, 2022			
Short-term benefits	$ 377,876	$ 148,457	$ 526,333
Post-employment benefits			
Defined contribution plan	12,706	6,316	19,022
Defined benefit plans (Note 19)	119	59	178
Other employee benefits	19,801	11,443	31,244
Depreciation	123,960	23,168	147,128
Amortization	511	9,074	9,585
Years Ended December 31, 2021			
Short-term benefits	387,218	137,809	525,027
Post-employment benefits			
Defined contribution plan	11,351	4,960	16,311
Defined benefit plans (Note 19)	148	69	217
Other employee benefits	20,317	19,596	39,913
Depreciation	108,361	25,359	133,720
Amortization	286	6,221	6,507

e. Compensation of Employees and Remuneration of Directors

According to the resolution of the Board of Directors, 1% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors. The distribution of bonus to employees may be made by way of cash or shares by the resolution of the Board of Directors. The employees may include certain employees of the subsidiaries who meet the conditions prescribed by the Company. The distribution of employee remuneration and director remuneration shall be reported at the shareholders' meeting. The Company shall first offset prior years' losses, and then appropriated of the certain percentage mentioned previously of annual profits as bonus to employees of the Company as bonus to Directors.

The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March, 2022 and February, 2021, respectively, were as follows:

	Years Ended December 31, 2022		Years Ended December 31, 2021	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	4%	$ 8,302	4%	$ 7,876
Remuneration of directors	2%	4,151	2%	3,938

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the next year.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAX

a. The major components of income tax expense recognized in profit or loss

	Years Ended December 31, 2022	Years Ended December 31, 2021
Current tax		
In respect of the current year	$ 39,570	$ 29,262
Income tax on unappropriated earnings	4	-
Adjustments for prior years	1,772	1,855
	41,346	31,117
Deferred tax		
In respect of the current year	13,222	47,859
Adjustments for prior years	(2,961)	71
	10,261	47,930
Income tax expense recognized in profit or loss	$ 51,607	$ 79,047

The reconciliation of accounting profit and income tax expenses is as follows:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Income tax expense calculated at the statutory rate	$ 54,684	$ 73,855
Tax-exempt income	(13,149)	(26,145)
Unrecognized loss carryforwards and deductible temporary differences	8,833	11,501
Nondeductible expenses in determining taxable income	2,424	2,418
Income tax adjustments on prior years	(1,189)	1,926

	Years Ended December 31, 2022	Years Ended December 31, 2021
Income tax on unappropriated earnings	4	-
Income tax on offshore earnings	-	15,789
Discount on offshore earnings	-	(297)
Income tax expense recognized in profit or loss	$ 51,607	$ 79,047

In July 2020, the President of the ROC announced the amendments to "the Statute for Industrial Innovation", which stipulates that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group deducts only the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Current Tax Assets and Liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	$ 4,822	$ 5,106
Current tax liabilities		
Income tax payable	$ 31,372	$ 9,631

c. Deferred Tax Assets and Liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit plans	$ 8,652	($ 37)	($ 254)	$ 8,361
Investments accounted for using the equity method	14,087	(14,087)	-	-
Provision for devaluation loss on obsolete and slow-moving inventories	6,600	775	-	7,375
Unrealized exchange losses	1,404	(796)	-	608
Provision for devaluation loss on financial assets	3,337	(1,964)	-	1,373
Others	629	133	-	762
Loss carryforwards	2,827	(2,827)	-	-
	$ 37,536	($ 18,803)	($ 254)	$ 18,479

For the year ended December 31, 2022	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Defined benefit plans	$ 5,278	$ 283	$ -	$ 5,561
Investments accounted for using the equity method	-	7,121	-	7,121
Deferred tax	44,686	(16,155)	-	28,531
Unrealized exchange gain	-	209	-	209
	$ 49,964	($ 8,542)	$ -	$ 41,422

For the year ended December 31, 2021	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit plans	$ 9,296	($ 37)	($ 607)	$ 8,652
Investments accounted for using the equity method	16,321	(2,234)	-	14,087
Provision for devaluation loss on obsolete and slow-moving inventories	6,082	518	-	6,600
Unrealized exchange losses	5,018	(3,614)	-	1,404
Provision for devaluation loss on financial assets	3,380	(43)	-	3,337
Others	997	(368)	-	629
Loss carryforwards	-	2,827	-	2,827
	$ 41,094	($ 2,951)	($ 607)	$ 37,536
Deferred tax liabilities				
Temporary differences				
Defined benefit plans	$ 4,985	$ 293	$ -	$ 5,278
Deferred tax	-	44,686	-	44,686
	$ 4,985	$ 44,979	$ -	$ 49,964

d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets unused loss carryforwards

	December 31, 2022	December 31, 2021
Loss carryforwards	$ 126,230	$ 87,400
Deductible temporary differences	64,568	9,192
Investment loss	83,955	209,721
	$ 274,753	$ 306,313

e. Information about unused loss carryforwards

	Tax Loss Carryforwards	Expiry Year
EXCEL Anhui	$ 126,230	115

f. Income Tax Assessments

The income tax returns of the Company, GOOD SKY ELECTRIC and PACER TECH through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE (EPS)

	Net profit for the year attributable to the owners of the Company	Number of shares outstanding (in thousands)	Earnings per share (in dollar)
For the year ended December 31, 2022			
Basic EPS			
Net income available to common shareholders of the parent	$ 167,822	109,094	$ 1.54
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	410	
Diluted EPS			
Corporation adding effect of potentially dilutive ordinary shares	$ 167,822	109,504	$ 1.53
For the year ended December 31, 2021			
Basic EPS			
Net income available to common shareholders of the parent	$ 153,097	109,094	$ 1.40
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	324	
Diluted EPS			
Corporation adding effect of potentially dilutive ordinary shares	$ 153,097	109,418	$ 1.40

The Group offers to settle the employees' compensation in cash or shares; thus, the Group assumes the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The key management personnel of the Group periodically reviews the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

25. FINANCIAL INSTRUMENTS

a. Fair Values of Financial Instruments not Measured at Fair Value

The management of the Group believes that the book value of financial assets and liabilities, which are not measured by fair value approaches its fair value cannot be reliably measured.

b. Fair Value of Financial Instruments Measured at Fair Value on a Recurring Basis

1) Fair Value Hierarchy

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 46,077	$ -	$ -	$ 46,077
Financial assets at FVTOCI				
Investments in equity instruments				
—Domestic listed shares	$ 200,967	$ -	$ -	$ 200,967
—Domestic unlisted shares	-	-	52,679	52,679
	$ 200,967	$ -	$ 52,679	$ 253,646
December 31, 2021				
Financial assets at FVTPL				
Mutual funds	$ 61,940	$ -	$ -	$ 61,940
Financial assets at FVTOCI				
Investments in equity instruments				
—Domestic listed shares	$ 221,809	$ -	$ -	$ 221,809
—Domestic unlisted shares	-	-	57,267	57,267
	$ 221,809	$ -	$ 57,267	$ 279,076

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

2) Valuation Techniques and Assumptions Applied for Fair Value Measurement

a) The fair value of financial instruments with standard conditions and traded in active market, including listed shares and emerging market shares, is decided based on the market price.

b) The unlisted equity investments at fair value through other comprehensive income are all measured at Level 3. The fair values of unlisted equity investments are determined using price-to-book ratio approach. In this approach, according to the financial information of the companies, both net book value per share calculated and share price estimated by comparing share price or P/E ratio with similar companies were used to capture the present value of the expected future economic benefits to be derived from the ownership of these investments.

3) Reconciliation of Level 3 Fair Value Measurements of Financial Instruments

Financial assets at fair value through other comprehensive income - equity instruments

	Years Ended December 31, 2022	Years Ended December 31, 2021
Balance at January 1	$ 57,267	$ 47,884
Unrealized gain (loss) on financial assets at FVTOCI	163	14,585
Return of capital due to capital reduction of invested companies	(83)	(5,202)
Invested companies closing	(598)	-
Disposal on equity of invested companies	(4,070)	-
Balance at December 31	$ 52,679	$ 57,267

c. Categories of Financial Instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measured at FVTPL - Held for trading	$ 46,077	$ 61,940
Financial assets at amortized costs (Note 1)	1,214,303	1,120,009
Financial assets at FVTOCI - Equity instruments	253,646	279,076
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	1,778,919	1,681,675

Note 1: The balances included cash and cash equivalents, restricted deposit, notes receivable, accounts receivable, other receivables and refundable deposits at amortized cost.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term notes payable, notes payable, accounts payable, current portion of long-term borrowings, and guarantee deposits received.

d. Financial Risk Management Objectives and Policies

The Group’s major financial instruments include equity investments, accounts receivable, accounts payable, loans and lease liabilities. The Group’s Financial Department monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market Risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign Currency Risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting periods are set out in Note 29.

Sensitivity Analysis

The Group was mainly exposed to the USD. When there was 1% increase in the New Taiwan dollar (functional currency) against USD, the pre-tax profit of the Group would decrease by $7,544 thousand and $5,095 thousand, respectively. A sensitivity rate is used internally when reporting to management from the Group on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates.

b) Interest Rate Risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	$ 254,502	$ 13,842
Short-term notes payable	380,000	380,000
Lease liabilities	3,351	4,619
Long-term loans	649,825	545,756
Interest rate risk on cash flow		
Financial assets	575,879	628,049
Short-term loans	410,000	260,000
Long-term loans	17,379	46,967

Sensitivity Analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.125% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would increase by $186 thousand and $401 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans.

2) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and determined of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. The concentration of credit risk was limited due to the fact that the customer base was large and unrelated.

3) Liquidity Risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022, and 2021. The Group had available unutilized short-term bank loan facilities of $580,902 thousand and $684,900 thousand, respectively.

Liquidity and Interest Rate Risk Table

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Classification	Less than 1 Year	1-5 Years	6-10 Years	Total
December 31, 2022				
Non-interest bearing liabilities	$ 321,611	$ 104	$ -	$ 321,715
Lease liabilities	1,308	2,201	-	3,509
Variable interest rate liabilities	427,379	-	-	427,379
Fixed interest rate liabilities	498,759	410,745	144,632	1,054,136
	$ 1,249,057	$ 413,050	$ 144,632	$ 1,806,739
December 31, 2021				
Non-interest bearing liabilities	$ 448,849	$ 103	$ -	$ 448,952
Lease liabilities	1,713	3,172	-	4,885
Variable interest rate liabilities	291,274	15,693	-	306,967
Fixed interest rate liabilities	401,793	473,869	71,486	947,148
	$ 1,143,629	$ 492,837	$ 71,486	$ 1,707,952

26. RELATED PARTY TRANSACTIONS

The balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidated financial statements and are not disclosed in this note. Except others are disclosed in other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related Party Name and Categories

Related Party Name	Related Party Category
Fuzetec Technology	Associates
P-DUKE TECHNOLOGY CO., LTD.	Other related parties
MAX ECHO TECHNOLOGY CORP.	Other related parties
POLYMATE TECHNOLOGY CO., LTD.	Other related parties
Related Party Name	Related Party Category
GUANG NA INVESTMENT CO., LTD	Other related parties
ASEP TEC CO., LTD.	Other related parties
K. S. TERMINALS INC.	Other related parties
K.S.TERMINALS (SUZHOU) INC.	Other related parties

b. Sales of Goods

Related Party Category	Years Ended December 31, 2022	Years Ended December 31, 2021
Other related parties	$ 8,612	$ 7,559

The selling prices and transaction terms to related parties were similar to third parties.

c. Purchase of Goods

Related Party Category	Years Ended December 31, 2022	Years Ended December 31, 2021
Other related parties	$ 21,542	$ 27,366
Associates	7,092	7,646
	$ 28,634	$ 35,012

The purchase of goods from related parties were made for goods of special specifications. There were no similar transactions with third parties for comparison; payment terms were similar to third parties.

d. Operating Cost - Processing Charges

Related Party Category	Years Ended December 31, 2022	Years Ended December 31, 2021
Other related parties	$ 35,819	$ 50,340

e. Other Non-operating Income

Related Party Category	Years Ended December 31, 2022	Years Ended December 31, 2021
Other related parties	$ 586	$ 540
Associates	554	284
	$ 1,140	$ 824

The income is mainly from technical services, management fees and other income.

f. Accounts Receivable, Net

Related Party Category	December 31, 2022	December 31, 2021
Other related parties	$ 1,581	$ 3,150

The allowance for impairment loss of accounts receivable and notes receivable were similar to third parties. Refer to Note 9 for the details.

g. Accounts Payable and Notes Payable

Related Party Category	December 31, 2022	December 31, 2021
Other related parties	$ 16,720	$ 29,353
Associates	2,430	3,002
	$ 19,150	$ 32,355

h. Acquisition of Property, Plant and Equipment

		Acquisition Price	
Related Party Category	Items	Years Ended December 31, 2022	Years Ended December 31, 2021
Other related parties	Other equipment	$ 295	$ 160

i. Compensation of Key Management Personnel

	Years Ended December 31, 2022	Years Ended December 31, 2021
Short-term employee benefits	$ 14,962	$ 12,834
Post-employment benefits	172	136
	$ 15,134	$ 12,970

The remuneration of directors and other key management was determined by the Compensation Committee based on the performance of individuals and market trends.

27. MORTGAGED AND PLEDGED ASSETS

The following assets were provided as collateral for long-term loans:

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 958,924	$ 865,581

28. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Significant contingent liabilities and unrecognized commitments of the Group as of the end of the reporting period, excluding those disclosed in other notes, were as follows:

a. In June 2018, EXCEL Suzhou signed an investment agreement with the Management Committee of Suzhou & Chu Zhou Modern Industry Park and China-Singapore Su-Chu (Chu Zhou) Development Co., Ltd. For the investment project of EXCEL Suzhou and Suzhou & Chu Zhou Modern Industry Park, EXCEL Suzhou established manufacturing and sales of high precision electronic components and related products with the estimated investment amount RMB$114 million and the registered capital should not be less than RMB $20 million and the investment of fixed assets should not be less 60% of the total investment amount. As of December 31, 2022, the amount of the signed construction agreement was RMB $80,578 thousand, and the amount of unrecognized contractual commitments was RMB $17,801 thousand.

b. Unrecognized commitments commitments

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	$ 20,595	$ 107,644

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

The following information was summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

Financial assets	December 31, 2022 Foreign Currencies	Exchange Rate	Carrying Amount (NTD)	December 31, 2021 Foreign Currencies	Exchange Rate	Carrying Amount (NTD)
Monetary items						
USD	$ 26,534	30.66	$ 813,519	$ 23,369	27.63	$ 645,672
JPY	45,703	0.23	10,530	63,730	0.24	15,200
HKD	2,829	3.91	11,055	1,096	3.52	3,859
EUR	264	32.52	8,596	1,459	31.12	45,414
Financial liabilities						
Monetary items						
USD	1,929	30.66	59,144	4,930	27.63	136,204
JPY	23,356	0.23	5,381	39,014	0.24	9,305

The Group is mainly exposed to USD. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	Years Ended December 31, 2022 Exchange Rate	Net Foreign Exchange Gains (Losses)	Years Ended December 31, 2021 Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD : NTD)	($ 43,785)	1 (NTD : NTD)	($ 20,802)
RMB	4.40 (RMB : NTD)	1,920	4.32 (RMB : NTD)	(3,812)

30. ADDITIONAL DISCLOSURES

a. Information about material transactions and b. Information about investments in other enterprises

1) Lending funds to other parties and or guarantee: Table 1

2) Endorsements/guarantees provided: Table 2

3) Marketable securities held: Table 3

4) Marketable securities acquired or disposed of at costs or prices accumulated of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 4

11) Information on investees: Table 5

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 4 and 7

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4 and 7

c) The amount of property transactions and the amount of the resultant gains or losses: None

d) The balance of bill endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to accommodation of funds: Table 1

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: Table 4

d. Information about major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments are the stamping segment, electronic components segment, relays segment and others segment. The related information was as follows:

a. Segment revenue and operating results

The following is an analysis of the Group's revenue and results from operations by reportable segment:

Years Ended December 31, 2022	Semiconductors Segment	Electronic components Segment	Electromechanical Relay Segment	Stepping Motor Segment	Other Segments	Adjustments and Eliminations	Consolidated
Revenue							
Revenue from External Customers	$ 902,725	$ 733,667	$ 225,219	$ 309,939	$ 54,045	$ -	$2,225,595
Intersegment revenue	3,606	111,662	-	70,393	66,281	(251,942)	-
Interest income	-	-	285	42	2,586	-	2,913
	$ 906,331	$ 845,329	$ 225,504	$ 380,374	$ 122,912	($ 251,942)	$2,228,508
Expense and loss							
Depreciation and amortization	$ 47,295	$ 53,253	$ 23,530	$ 22,180	$ 10,455	$ -	$ 156,713
Segment income	$ 90,893	$ 64,061	($ 37,279)	($ 18,600)	$ 163,443	($ 40,786)	$ 221,732
Assets							
Investments accounted for using the equity method	$ -	$ -	$ -	$ -	$1,351,597	($1,093,060)	$ 258,537
Segment assets	$1,548,975	$1,414,084	$ 438,106	$ 420,826	$1,900,989	($1,196,356)	$4,526,624
Segment liabilities	$ 647,598	$ 914,638	$ 113,474	$ 139,551	$ 191,680	($ 100,804)	$1,906,137
Years Ended December 31, 2021							
Revenue							
Revenue from External Customers	$ 891,356	$ 728,376	$ 203,545	$ 312,234	$ 35,531	$ -	$2,171,042
Intersegment revenue	4,564	56,836	11,317	303,960	65,752	(442,429)	-
Interest income	-	-	153	191	1,096	-	1,440
	$ 895,920	$ 785,212	$ 215,015	$ 616,385	$ 102,379	($ 442,429)	$2,172,482
Expense and loss							
Depreciation and amortization	$ 36,986	$ 58,970	$ 19,157	$ 18,435	$ 6,679	$ -	$ 140,227
Segment income	$ 83,918	$ 16,028	($ 54,470)	$ 137,718	$ 8,714	$ 41,754	$ 233,662
Assets							
Investments accounted for using the equity method	$ -	$ -	$ -	$ -	$1,335,248	($1,082,826)	$ 252,422
Segment assets	$1,405,119	$1,254,127	$ 557,376	$ 578,475	$1,787,221	($1,214,568)	$4,367,750
Segment liabilities	$ 632,864	$ 843,950	$ 156,213	$ 253,943	$ 66,103	($ 136,637)	$1,816,436

b. Revenue from major products and services

The following is an analysis of the Group's revenue from operations by major products and services.

	Years Ended December 31, 2022	Years Ended December 31, 2021
Semiconductors	$ 902,725	$ 891,356
Electronic components	752,804	724,654
Relays	260,127	242,798
Stepping Motor	309,939	312,234
Total	$ 2,225,595	$ 2,171,042

c. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	Years Ended December 31, 2022	Years Ended December 31, 2021	December 31, 2022	December 31, 2021
Taiwan	$ 525,285	$ 537,291	$ 1,675,479	$ 1,496,059
Asia	1,310,850	1,344,480	571,444	453,385
Europe	291,704	208,068	-	-
United States of America	86,757	75,669	3,553	3,752
Others	10,999	5,534	8	-
	$ 2,225,595	$ 2,171,042	$ 2,250,484	$ 1,953,196

Noncurrent assets exclude financial instrument and deferred tax assets.

d. Information about major customers

The information on customers who contributed 10% or more to the Group's revenue is as follows:

	Years Ended December 31, 2022		Years Ended December 31, 2021	
Customers' Name	Amount	%	Amount	%
Customer A	$ 208,619	9	$ 233,923	11
Customer B	51,974	2	271,012	12

Table 1

Excel Cell Electronic Company Limited and its subsidiaries

LENDING FUNDS TO OTHER PARTIES AND OR GUARANTEE

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Interest Rate	Nature for Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1 & 3)	Aggregate Financing Limit (Note 2 & 3)
													Item	Value		
0	The Company	EXCEL Anhui	Other receivables from related parties	Y	$ 57,150 (USD 2,000)	$ -	$ -	1%	The need for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 131,406	$ 1,051,248

Note 1: According to the financing provided by the Company and subsidiaries, the individual and aggregate financing limit should not exceed 5% of the equity presented in the consolidated financial statements of the Group.

Note 2: According to the financing provided by the subsidiaries, the individual and aggregate financing limit should not exceed 40% of the equity presented in the consolidated financial statements of the company.

Note 3: The individual loan amount and total amount of loans between the foreign companies, which are held directly or indirectly 100% of voting share, the individual and aggregate financing limit should not exceed 40% of the equity presented in the consolidated financial statements of the company.

Note 4: The highest balance for the period and ending balance present in NT$ at the exchange rate at the end of each month for the period.

Note 5: Foreign currencies are converted into NT$; the exchange rate was as of December 31, 2022.

Note 6: The amount was eliminated upon consolidation.

Excel Cell Electronic Company Limited and its subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Notes 1)	Maximum Balance for the Period (Note 3)	Ending Balance (Note 4)	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	EXCEL Anhui	Subsidiary	$ 525,624	$ 96,495 (USD 3,000)	$ 91,980 (USD 3,000)	$ 17,384 (USD 567)	$ -	3%	$ 1,314,061	Y	—	Y
1	EXCEL Suzhou	EXCEL Anhui	The same parent company	37,032	18,528 (RMB 4,135)	-	-	-	-	185,158	—	—	Y

Note 1: For the parent company holds directly and indirectly more than 90% of the common stock of the subsidiaries, the limit should not exceed 20% of the equity presented in the consolidated financial statements of the Group. Others should not exceed 10% of the equity presented in the consolidated financial statements of the Group.

Note 2: The maximum amount of the total guarantee for all group entities is 50% of the net assets of the Group and EXCEL Suzhou.

Note 3: The maximum amount was translated into thousand of New Taiwan dollars at prevailing exchange rate at the date of the transaction.

Note 4: The ending balance and actual borrowing amount were translated into thousand of New Taiwan dollars at prevailing exchange rate on balance sheet date.

Table 3

Excel Cell Electronic Company Limited and its subsidiaries

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value (Note)	
The Company	Stock							
	INITIO CORPORATION	—	Financial assets at fair value through other comprehensive income - noncurrent	24,899	$ -	2	$ -	
	SUNSINO DEVELOPMENT ASSOCIATE INC.	—	Financial assets at fair value through other comprehensive income - noncurrent	1,783,490	1,944	4	1,944	
	ASEP TEC CO., LTD.	Other related parties	Financial assets at fair value through other comprehensive income - noncurrent	4,062,375	42,940	17	42,940	
	HUA ZHONG VENTURE CAPITAL CO., LTD	—	Financial assets at fair value through other comprehensive income - noncurrent	9,235	92	5	92	
	FUJITER SEMICONDUCTOR CO., LTD.	—	Financial assets at fair value through other comprehensive income - noncurrent	293,771	3,020	1	3,020	
	LETEX TECHNOLOGY CORP.	—	Financial assets at fair value through other comprehensive income - noncurrent	540,000	4,500	10	4,500	
	P-DUKE TECHNOLOGY CO., LTD.	Other related parties	Financial assets at fair value through other comprehensive income - noncurrent	737,142	63,689	1	63,689	
	MAX ECHO TECHNOLOGY CORP.	Other related parties	Financial assets at fair value through other comprehensive income - noncurrent	3,827,843	80,768	11	80,768	
	APEX DISPLAY CO., LTD	—	Financial assets at fair value through profit or loss - noncurrent	6,522	-	3	-	
	Open-Ended Fund							
	PineBridge Preferred Securities Income Fund	—	Financial assets at fair value through profit or loss - current	136,374	46,077	-	46,077	
PACER TECH	Stock							
	P-DUKE TECHNOLOGY CO., LTD.	Other related parties	Financial assets at fair value through other comprehensive income - noncurrent	606,657	52,415	1	52,415	
	BASSO INDUSTRY CORP.	—	Financial assets at fair value through other comprehensive income - noncurrent	100,000	4,095	-	4,095	
	HUA ZHONG VENTURE CAPITAL CO., LTD	—	Financial assets at fair value through other comprehensive income - noncurrent	3,009	30	2	30	
	DER YANG BIOTECHNOLOGY VENTURE CAPITAL CO.,LTD	—	Financial assets at fair value through other comprehensive income - noncurrent	15,339	153	1	153	

Note 1: The information about fair value please see Note 24.

Excel Cell Electronic Company Limited and its subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount (Note 2)	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	The Company	EXCEL Anhui	1	Purchases	$ 75,974	90 days for a monthly balance	3
			1	Net revenue from sale of goods	42,440	90 days for a monthly balance	2
		EXCEL Suzhou	1	Net revenue from sale of goods	26,638	60 days for a monthly balance	1
		ECE USA	1	Net revenue from sale of goods	26,708	T/T 60 days	1
		PACER TECH	1	Net revenue from sale of goods	14,681	45-105 days for a monthly balance	1
1	PACER TECH	ECE USA	3	Net revenue from sale of goods	20,936	Next month ends 45 days	1
2	EXCEL Anhui	Neocene Suzhou	3	Accounts receivables	52,474	Next month ends 60 days	1
		EXCEL Suzhou	3	Net revenue from sale of goods	22,700	Next month ends 60 days	1

Note 1: Parties involved in the transaction have a directional relationship: (1) transactions from parent company to subsidiaries; (2) transactions from subsidiaries to parent company; (3) transactions between subsidiaries.

Note 2: The above intercompany transactions have been eliminated upon consolidation.

Excel Cell Electronic Company Limited and its subsidiaries

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	ECE USA (Note)	USA	Trading of electronic products	$ 7,578	$ 7,578	2,500	100	$ 34,284	USD 409	$ 11,739	
	PACER TECH (Note)	Taichung City	Trading of electronic products	9,610	9,610	1,919,600	80	58,598	$ 11,505	9,202	
	Fulltron Samoa (Note)	Republic of Mauritius	Investment holding company	388,928	388,928	11,650,000	100	370,900	USD 1,626	48,422	
	GOOD SKY ELECTRIC (Note)	Taichung City	Trading of electronic products	1,000	50,000	100,000	100	27,145	13,681	13,681	
	Fuzetec Technology	New Taipei City	Manufacturing of electronic parts	102,630	102,630	9,044,406	24	258,537	158,791	38,396	
	Good Sky BVI (Note)	British Virgin Islands	Investment holding company and Trading of electronic products	-	160,638	-	-	-	(USD 198)	(5,708)	
	Good Sky Malaysia (Note)	Malaysia	Trading of electronic products	1,235	1,235	375,163	100	16	MYR 2	(11)	
	Simply Success (Note)	British Virgin Islands	Investment holding company	27,540	27,540	2,820,000	100	102,079	USD 6	175	

Note: The above intercompany transactions have been eliminated upon consolidation.

Excel Cell Electronic Company Limited and its subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 4)	Carrying Amount as of Balance as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022 (Note 4)
					Outflow	Inflow						
EXCEL Suzhou (Note 6)	Processing, manufacturing and trading of electronic products	$ 337,260 (USD 11,000)	(Note 1)	$ 337,260 (USD 11,000)	$ -	$ -	$ 337,260 (USD11,000)	$ 48,397	100%	$ 48,412	$ 375,859	$ -
Good Sky Shenzhen (Note 6)	Processing, manufacturing and trading of electronic products	204,870 (USD 6,682)	(Note 2)	204,870 (USD 6,682)	-	97,836 (USD 3,191)	107,034 (USD 3,491)	(1,290)	100%	(1,315)	-	-
PACER INDUSTRIAL (SHANGHAI) COMPANY LIMITED (PACER Shanghai) (Note 6)	Trading of electronic products	6,132 (USD 200)	(Note 3)	6,132 (USD 200)	-	-	6,132 (USD 200)	-	-	-	-	-
Neocene Suzhou (Note 6)	Manufacturing and trading of electronic parts	27,011 (USD 881)	(Note 1)	27,011 (USD 881)	-	-	27,011 (USD 881)	761	100%	1,534	102,402	-
EXCEL Anhui (Note 6)	Processing, manufacturing and trading of electronic products	643,860 (USD 21,000)	(Note 1)	551,880 (USD 18,000)	91,980 (USD 3,000)	-	643,860 (USD 21,000)	(74,207)	100%	(37,104)	500,038	-

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
The Company	$ 1,115,166 (USD 36,372)	$ 1,161,309 (Note 5) (USD 37,877)	$ 1,563,626
PACER TECH	$ 6,132 (USD 200)	$ 6,132 (USD 200)	$ 80,000

Note 1: EXCEL Suzhou invested in Fulltron Samoa; Good Sky Shenzhen invested in Good Sky BVI; Neocene Suzhou invested in Simply Success which invested by the Company.

Note 2: The company invest in Good Sky Shenzhen through Good Sky BVI. Good Sky Shenzhen had been liquidated in September 2022 but not yet revoked by Investment Commission, MOEA.

Note 3: The company invest in PACER TECH through PACER Hong Kong invest in PACER Shanghai. PACER TECH had disposal of share of PACER Hong Kong but not yet revoked by Investment Commission, MOEA.

Note 4: Except for EXCEL Suzhou which was audited by the Parent Company Accountant, the other are not audited by the Parent Company Accountant.

Note 5: According the "Principles Governing the Review of Investments or Technical Cooperation in Mainland China" issued by the Investment Commission, the investment amount in mainland China should be limited to 60% of net value and amount $80,000 thousand dollars.

Note 6: The total investment amount approved by the Investment Commission, MOEA, were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Note 7: Significant intercompany accounts and transactions have been eliminated.

Table 7

Excel Cell Electronic Company Limited and its subsidiaries

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Relationship	Transaction Type	Amount	Purchase/Sale (%)	Transaction Details			Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss
						Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage (%)	
The Company	EXCEL Anhui	Subsidiary	Purchase	$ 75,974	11	Negotiated with reference to order price	90 days for a monthly balance	The terms with related parties are not significantly different from those with third parties	($ 19,665)	11	$ -
			Sales	42,440	3	Negotiated with reference to order price	90 days for a monthly balance	The terms with related parties are not significantly different from those with third parties	12,004	5	-
	EXCEL Suzhou	Subsidiary	Purchase	8,436	1	Negotiated with reference to order price	60 days for a monthly balance	The terms with related parties are not significantly different from those with third parties	(107)	-	-
			Sales	26,638	2	Negotiated with reference to order price	60 days for a monthly balance	The terms with related parties are not significantly different from those with third parties	2,768	1	-
EXCEL Anhui	Neocene Suzhou	Subsidiary	Purchase	1,291	1	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third	(52,474)	51	-

Company Name	Counterparty	Relationship	Transaction Type	Amount	Purchase/Sale (%)	Transaction Details			Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss
						Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage (%)	
								parties			
			Sales	2,854	1	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third parties	1,489	1	-
	EXCEL Suzhou	Subsidiary	Sales	22,700	5	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third parties	7,167	6	-
Neocene Suzhou	EXCEL Anhui	Subsidiary	Purchase	2,854	100	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third parties	(1,489)	71	-
			Sales	1,291	40	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third parties	52,474	100	-
EXCEL Suzhou	EXCEL Anhui	Subsidiary	Purchase	22,700	8	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third parties	(7,167)	40	-

Note: The above intercompany transactions have been eliminated upon consolidation.

Table 8

Excel Cell Electronic Company Limited and its subsidiaries

INFORMATION OF MAJOR SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
GUANG NA INVESTMENT CO., LTD	9,045,682	8.29%
Liao Pen-Lin	7,339,548	6.72%
Xiao Deng-Tang	6,745,729	6.18%
GUANG DA INVESTMENT CO., LTD	5,503,403	5.04%

Note: The table discloses stockholding information of stockholders whose ownership percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The stocks reported in the financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.

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)

		December 31, 2022		December 31, 2021	
CODE	ASSETS	AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
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	1,125,378	26	1,061,784	26
	NONCURRENT ASSETS				
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	3,243,874	74	3,071,909	74
1XXX	TOTAL	$ 4,369,252	100	$ 4,133,693	100
CODE	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
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	1,210,862	28	1,045,074	25
	NONCURRENT LIABILITIES				
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	552,347	12	549,819	14
2XXX	Total liabilities	1,763,209	40	1,594,893	39
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
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	2,606,043	60	2,538,800	61
	TOTAL	$ 4,369,252	100	$ 4,133,693	100

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)

		2022		2021	
Code		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)	1,147,088	79	1,170,935	81
5900	GROSS PROFIT	294,534	21	279,989	19
	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	79,498	5	85,658	6
6000	Total operating expenses	218,069	15	225,252	15
6900	PROFIT FROM OPERATIONS	76,465	6	54,737	4
	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)	32,541	2	(21,532)	(1)
7000	Total non-operating income and expenses	118,623	8	130,351	9
7900	INCOME BEFORE INCOME TAX	195,088	14	185,088	13
7950	INCOME TAX EXPENSE (Notes 4 and 18)	27,266	2	31,991	2
8200	NET PROFIT FOR THE YEAR	167,822	12	153,097	11

(Continued)

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	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	24,102	2	(6,590)	(1)
8300	Other comprehensive gain (loss) for the year, net of income tax	3,212	-	78,773	5
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 171,034	12	$ 231,870	16
	EARNINGS PER SHARE (NT$, Note 19)				
9750	Basic	$ 1.54		$ 1.40	
9850	Diluted	$ 1.53		$ 1.40	

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)

Code		Share Capital (Note 16)	Capital Surplus (Note 16)	Retained Earnings (Note 16)			Other Equity (Note 4)		Total Equity
				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	
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
	CASH FLOWS FROM OPERATING ACTIVITIES		
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	160,401	99,587

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Code		2022	2021
	CASH FLOWS FROM INVESTING ACTIVITIES		
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)
	CASH FLOWS FROM FINANCING ACTIVITIES		
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)

EXCEL CELL ELECTRONIC COMPANY LIMITED
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. COMPANY HISTORY

   Excel Cell Electronic Company Limited (the "Company") was incorporated in December 1981 and is mainly engaged in the manufacture and sale of electronic components such as programmable switches, relays, terminal blocks, and lead frames, as well as the processing and sale of various batteries. Its products are main components for computer and communication equipment.

   The Company's shares have been listed and traded on the Taiwan Stock Exchange since September 17, 2001. The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

   The parent company only financial statements were approved and authorized for issue by the Company's board of directors on March 8, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

   a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

      The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

   b. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except those deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the parent company only financial statements were authorized for issue, the Company assessed that the application of standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability arising from Sale and Leaseback Transactions"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

The subsidiaries and associates or joint venture are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company in the consolidated financial statements, the effect of the differences between parent company only basis and the consolidated basis are adjusted in “investments accounted for using equity method”, “share of the profit or loss of associates accounted for using the equity method”, and “share of other comprehensive income of associates accounted for using the equity method”.

c. Classification of Current and Non-Current Assets and Liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents, but unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally expensed in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

The business combinations under organizational restructuring of the Company are not accounted by using the acquisition method but using the book-value method. When presenting comparative parent company only financial statements, the Company presented them as if it had always been combined and the parent company only financial statements were restated retrospectively.

e. Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the exchange rates at the dates of the transactions.

At the end of each balance sheet date, monetary items denominated in foreign currencies are retranslated at the closing rate at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the exchange rates at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and not retranslated subsequently.

For the purpose of presenting the parent company only financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the New Taiwan dollar at the exchange rates at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, work-in-process, semi-finished good, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted average method.

g. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method.

Subsidiaries are the entities controlled by the Company (including structure entities).

Under the equity method, the investment in subsidiaries is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in losing control over the subsidiaries for the Company are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) before any impairment loss have been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

h. Investments in Associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

i. Property, Plant, and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of Property, Plant and Equipment, Right-of-Use Asset, and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

l. Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement Category

Financial assets are classified into the following categories: financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial Assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL; such assets include debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 21.

ii. Financial Assets at Amortized Cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

I. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

II. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, restricted bank deposit, notes and accounts receivable, other receivables, and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

I. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

II. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

I. Significant financial difficulty of the issuer or the borrower;

II. Breach of contract, such as a default;

III. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

IV. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and bank acceptances with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in Equity Instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.
Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of Financial Assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instruments at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Company:

i) Internal or external information shows that the debtor is unlikely to pay its creditors.

ii) When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial Liabilities

a) Subsequent measurement

The Company's financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Revenue Recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location, the goods are shipped and the goods are picked up by customers because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable and contract assets are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as Lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as Lessee

The Company recognizes short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses and cost on a straight-line basis over the lease terms.

o. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

p. Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

q. Employee Benefits

1) Short-term Employee Benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement Benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current Tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of tax jurisdiction.

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.
Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and Deferred Taxes for the Year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATIONS, ASSUMPTIONS AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgements, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the critical accounting estimates. The estimations and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimations are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

Major Sources of Estimation Uncertainty - Impairment of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	$ 355	$ 449
Checking accounts and demand deposits	389,023	275,172
Cash equivalents		
(Investment with original maturities of 3 months or less)		
Repurchase agreements collateralized by bonds	123,008	-
	$ 512,386	$ 275,621

The market rate intervals of cash in bank and bank overdrafts at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Repurchase agreements collateralized by bonds (%)	4.30	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT

	December 31, 2022	December 31, 2021
Held for trading - Financial assets		
Non-derivative financial assets		
Mutual funds	$ 46,077	$ 59,464

8. FINANCIAL ASSETS AT AMORTIZED COST – CURRENT

According to "The Regulations on Industries Investment from Repatriated Offshore Funds", the Company has submitted an investment proposal and was approved by Industrial Development Bureau, Ministry of Economic Affairs. Based on the regulation, the deposits are restricted only to approved investment project, and should not be used for other purposes.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
Notes receivable - Unrelated parties		
At amortized cost	$ 11,943	$ 18,933
Accounts receivable - Unrelated parties		
At amortized cost	$ 184,257	$ 232,975
Less: Loss Allowance	(435)	(557)
	$ 183,822	$ 232,418
Accounts receivable - Related parties		
At amortized cost	$ 26,295	$ 53,742
Less: Loss Allowance	(1)	(1)
	$ 26,294	$ 53,741

The average credit period of sales of goods was 60-125 days. No interest was charged on receivables. The Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's credit exposure and the credit ratings of its counterparties are continuously monitored.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate loss allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk is significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to Lifetime ECLs. The Lifetime ECLs are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Company had no overdue notes receivable. The following table details the loss allowance of accounts receivable (excluding subsidiaries).

	Not Past Due	Past Due 1-90 Days	Past Due 91-180 Days	Past Due 181-365 Days	Past Due Over 365 Days	Total
December 31, 2022						
Expected credit loss rate	0.01%	1%	5%	10%	100%	
Gross carrying amount	$ 149,364	$ 35,946	$ 403	$ -	$ 41	$ 185,754
Loss allowance (Lifetime ECL)	(15)	(360)	(20)	-	(41)	(436)
Amortized cost	$ 149,349	$ 35,586	$ 383	$ -	$ -	$ 185,318
December 31, 2021						
Expected credit loss rate	0.01%	1%	5%	10%	100%	
Gross carrying amount	$ 187,087	$ 48,608	$ 276	$ 6	$ 41	$ 236,018
Loss allowance (Lifetime ECL)	(18)	(484)	(14)	(1)	(41)	(558)
Amortized cost	$ 187,069	$ 48,124	$ 262	$ 5	$ -	$ 235,460

The movements of the loss allowance of accounts receivable were as follows:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Balance, beginning of year	$ 558	$ 546
Provision (Reversal)	(122)	12
Balance, end of year	$ 436	$ 558

10. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	$ 107,913	$ 82,381
Semi-finished goods	75,961	100,491
Work in process	25,076	49,167
Raw materials	102,104	116,068
Merchandise	750	984
	$ 311,804	$ 349,091

The costs of the loss for market price decline and obsolete and slow-moving inventories recognized in operating costs for the years ended December 31, 2022 and 2021 were $7,485 thousand and $7,511 thousand respectively.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NONCURRENT

Investments in Equity Instruments

	December 31, 2022	December 31, 2021
Domestic Investments		
Listed shares		
MAX ECHO TECHNOLOGY CORP.	$ 80,768	$ 116,117
P-DUKE TECHNOLOGY CO., LTD.	63,689	55,581
Unlisted shares		
ASEP TEC CO., LTD.	42,940	42,777
LETEX TECHNOLOGY CORP.	4,500	4,500
FUJITER SEMICONDUCTOR CO., LTD.	3,020	3,020
SUNSINO DEVELOPMENT ASSOCIATE INC.	1,944	1,944
HUA ZHONG VENTURE CAPITAL CO., LTD	92	92
GET-TEAM TECH CORPORATION	-	4,070
WK ASSOCIATES EIGHTH VENTURE CAPITAL CO., LTD	-	448
INITIO CORPORATION	-	-
	$ 196,953	$ 228,549

These investments in equity instruments are held for medium to long-term strategic purposes. The management designates as these investments in equity instruments at FVTOCI as they consider that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2022	December 31, 2021
Investments in subsidiaries	$ 1,093,060	$ 1,081,566
Investments in associates	258,537	252,422
	$ 1,351,597	$ 1,333,988

a. Investments in Subsidiaries

Name of subsidiaries	December 31, 2022	December 31, 2021
Unlisted Company		
EXCEL Cell Electronic Anhui Co., Ltd. (EXCEL Anhui)	$ 500,038	$ 413,136
Fulltron Investments Limited (Fulltron Samoa)	370,900	317,701
Simply Success Investment Ltd. (Simply Success)	102,079	100,370
PACER TECHNOLOGY CO., LTD. (PACER TECH)	58,598	50,886
Excel Cell Electronic (U.S.A.) Co., Ltd. (ECE USA)	34,284	19,954
GOOD SKY ELECTRIC CO., LTD (GOOD SKY ELECTRIC)	27,145	62,464
Good Sky Electric (Malaysia) SDN. BHD. (Good Sky Malaysia)	16	27
Good Sky Electric (BVI) Ltd. (Good Sky BVI)	-	117,028
	$ 1,093,060	$ 1,081,566

Name of subsidiaries	Proportion of Ownership and Voting Rights December 31, 2022	Proportion of Ownership and Voting Rights December 31, 2021
EXCEL Anhui	100	100
Fulltron Samoa	100	100
Simply Success	100	100
PACER TECH	80	80
ECE USA	100	100
GOOD SKY ELECTRIC	100	100
Good Sky Malaysia	100	100
Good Sky BVI	-	100

The Company purchased the 100% ownership of EXCEL Anhui from EXCEL Suzhou for CNY60,000 thousand due to the Company reorganization in March 2021, approved by the board of directors.

The Company liquidated Good Sky BVI and its subsidiary, Good Sky Shenzhen, in September 2022.

b. Investments in Associates

Investee	December 31, 2022	December 31, 2021
Associates that are not individually material		
Fuzetec Technology Co., Ltd. (Fuzetec Technology)	$ 258,537	$ 252,422

Investee	Proportion of Ownership and Voting Rights December 31, 2022	December 31, 2021
Fuzetec Technology	24	24

Aggregate information of associates that are not individually material

	Years Ended December 31, 2022	Years Ended December 31, 2021
The Group's share of		
Net profit for the year	$ 38,396	$ 38,141
Other comprehensive income (loss) for the year	279	(46)
Total comprehensive income for the year	$ 38,675	$ 38,095

The investment was accounted for using the equity method and the share of profit or loss and other comprehensive income; this investment was calculated based on financial statements which have been audited in 2022 and 2021.

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2022	Balance at January 1	Additions	Disposals	Reclassified	Balance at December 31
Cost					
Freehold Land	$ 712,391	$ -	$ -	$ -	$ 712,391
Buildings	351,138	69,082	-	179,901	600,121
Machinery and Equipment	712,455	80,951	(12,476)	11,607	792,537
Other Equipment	574,899	29,679	(3,764)	405	601,219
Equipment under Installation and Construction in Progress	225,510	36,363	-	(179,901)	81,972
Cost Total	2,576,393	$ 216,075	($ 16,240)	$ 12,012	2,788,240
Accumulated depreciation					
Buildings	176,862	$ 10,788	$ -	$ -	187,650
Machinery and Equipment	506,969	48,146	(11,729)	-	543,386
Other Equipment	494,901	30,864	(3,676)	-	522,089
Accumulated depreciation Total	1,178,732	$ 89,798	($ 15,405)	$ -	1,253,125
Net amount for Property, plant and equipment	$ 1,397,661				$ 1,535,115

For the year ended December 31, 2021	Balance at January 1	Additions	Disposals	Reclassified	Balance at December 31
Cost					
Freehold Land	$ 712,391	$ -	$ -	$ -	$ 712,391
Buildings	351,138	-	-	-	351,138
Machinery and Equipment	635,964	55,953	(7,894)	28,432	712,455
Other Equipment	538,162	32,217	(2,546)	7,066	574,899
Equipment under Installation and Construction in Progress	99,315	126,195	-	-	225,510
Cost Total	2,336,970	$ 214,365	($ 10,440)	$ 35,498	2,576,393
Accumulated depreciation					
Buildings	166,856	$ 10,006	$ -	$ -	176,862
Machinery and Equipment	473,234	41,031	(7,296)	-	506,969
Other Equipment	463,337	34,092	(2,528)	-	494,901
Accumulated depreciation Total	1,103,427	$ 85,129	($ 9,824)	$ -	1,178,732
Net amount for Property, plant and equipment	$ 1,233,543				$ 1,397,661

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Main buildings	20-55 years
Electrical and mechanical equipments	3 years
Others	2-15 years
Machinery equipments	3-10 years
Other equipment	2-35 years

The property, plant and equipment of the Company are owned for own use and not leased out under operating leases.

Refer to Note 23 for the carrying amount of property, plant and equipment pledged by the Company to secure borrowings granted to the Company.

14. BORROWINGS

a. Short-term Borrowings

	December 31, 2022	December 31, 2021
Line of credit	$ 410,000	$ 260,000
Annual interest rate (%)	1.38-1.69	0.79-0.80

b. Short-term Bills Payable

	December 31, 2022	December 31, 2021
Commercial paper	$ 380,000	$ 380,000
Annual interest rate (%)	1.57-1.72	0.61-0.63

c. Long-term Borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings	$ 520,198	$ 486,700
Secured borrowings	138,900	68,400
	659,098	555,100
Less: Current portion	(119,480)	(18,255)
Government subsidies	(9,273)	(9,344)
Long-term borrowings	$ 530,345	$ 527,501
Annual interest rate (%)		
Unsecured borrowings	1.725	1.10
Secured borrowings	1.725	1.10

The due date of Unsecured borrowings is in December 2029.

The secured borrowings were secured by land and buildings pledged and were due on June 2031. Refer to Note 23 for the details of the secured borrowings.

The Group obtained a government prime interest rate loan from the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan." The loan is used for working capital, purchasing machinery equipments, and constructing plants with a credit period of 7 to 10 years. The difference between the amount obtained and the fair value is regarded as an interest-free government loan recognized as deferred income. The deferred income is recognized as other income as expenses are incurred over time.

15. RETIREMENT BENEFIT PLANS

a. Defined Contribution Plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined Benefit Plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts at 2% of total monthly salaries and wages to a pension fund administered by the Supervisory Committee of Business Entities' Labor Retirement Reserve. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to deposit the difference in onetime before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy of the pension fund.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 86,894	$ 101,694
Fair value of plan assets	(89,618)	(93,292)
Net defined benefit liability (asset)	($ 2,724)	$ 8,402

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 104,702	($ 92,042)	$ 12,660
Service cost			
Current service cost	173	-	173
Net interest expense (income)	305	(269)	36
Recognized in profit or loss	478	(269)	209
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,389)	(1,389)
Actuarial loss - changes in demographic assumptions	91	-	91
Actuarial gain - changes in financial assumptions	(4,040)	-	(4,040)
Actuarial loss – experience adjustments	2,543	-	2,543
Recognized in other comprehensive income	(1,406)	(1,389)	(2,795)
Contributions from the employer	-	(1,672)	(1,672)
Benefits paid	(2,080)	2,080	-
Balance at December 31, 2021	101,694	(93,292)	8,402
Service cost			
Current service cost	114	-	114
Net interest expense (income)	681	(628)	53
Recognized in profit or loss	795	(628)	167
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,241)	(7,241)
Actuarial loss - changes in demographic assumptions	83	-	83
Actuarial gain - changes in financial assumptions	(5,144)	-	(5,144)
Actuarial loss – experience adjustments	11,209	-	11,209

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Recognized in other comprehensive income	6,148	(7,241)	(1,093)
Contributions from the employer	-	(1,583)	(1,583)
Benefits paid	(21,743)	13,126	(8,617)
Balance at December 31, 2022	$ 86,894	($ 89,618)	($ 2,724)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment Risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets are calculated by the interest rate which should not be below the interest rate for a 2-year time deposit rate with local banks.

2) Interest Risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary Risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate (%)	1.30	0.70
Expected rate of salary increase (%)	2.00	2.00
Turnover rate (%)	0.56	0.68

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase as follows:

	December 31, 2022	December 31, 2021
Discount rate(s)		
0.25% increase	($ 2,017)	($ 2,423)
0.25% decrease	$ 2,092	$ 2,519
Expected rate(s) of salary increase		
0.25% increase	$ 2,072	$ 2,480
0.25% decrease	($ 2,008)	($ 2,398)
Turnover rate(s)		
10% increase	($ 27)	($ 59)
10% decrease	$ 27	$ 59

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2022	December 31, 2021
The expected contributions to the plan for the next year	$ 1,528	$ 1,579
The average duration of the defined benefit obligation	9 years	9 years

16. EQUITY

a. Ordinary Shares

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	134,000	134,000
Authorized capital	$ 1,340,000	$ 1,340,000
Issued and paid shares (in thousands)	109,094	109,094
Issued capital	$ 1,090,938	$ 1,090,938

The holders of issued ordinary shares with a par value of $10 are entitled to the right to vote and to receive dividends.

b. Capital Surplus

	December 31, 2022	December 31, 2021
Additional paid-in capital	$ 5,705	$ 49,342
From difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal	262	262
From share of changes in equities of associates	39,153	39,153
From merger	225,655	225,655
	$ 270,775	$ 314,412

Such capital surplus, additional paid-in capital (including the excess of par value of ordinary shares issued, permission on Convertible bonds, Treasury stock trading, the difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal, etc.) and donated surplus, may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's contributed capital and to once a year).

The capital surplus from share of changes in equities of associates which accounted for by using the equity method can only use to cover accumulated deficits.

c. Retained Earnings and Dividend Policy

Under the dividends policy as set forth in the Articles, due to the company's future capital requirements and long-term financial planning, as well as fulfilling its shareholders' demand for cash inflow, where the company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting previous years' losses, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the company's total issued capital, setting aside or reversing a special surplus reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In addition, cash dividends should not be less than 10% of the total dividends to be appropriated. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirements and other plans for sustainable development needs in assessing the amount of dividends distributed by the Company.

The Company distributes its legal reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to cover accumulated deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings were as follows:

	For the Year Ended December 31,2021	For the Year Ended December 31,2020
Legal reserve	$ 16,139	$ 7,491
Cash dividends	65,456	32,728
Cash dividends per share (NT$)	0.6	0.3

In the board of directors on March 8, 2023, the Company approved to distribute $43,637 thousand and $43,638 thousand of capital surplus as cash dividends, respectively.

The appropriation of earnings for 2022 that were approved in the board of directors on March 8, 2023 was as follows:

	Appropriation of Earnings
Legal reserve	$ 17,153
Cash dividends	65,456
Cash dividends per share (NT$)	0.6

In the board of directors on March 8, 2023, the Company purpose to distribute $43,638 thousand of capital surplus as cash dividends.

The cash dividends mentioned above were approved in board of directors on March 8, 2023, the appropriations of earnings for 2022 are subject to the resolution of the shareholders' meeting to be held in May 2023.

d. Special Surplus Reserve

	December 31, 2022	December 31, 2021
Balance at January 1	$ 19,870	$ 25,070
Special reserve reversed		
Disposal of subsidies and associates	(2,898)	(5,200)
Balance at December 31	$ 16,972	$ 19,870

On the first-time adoption of IFRSs, the Company transferred accounted cumulative translation adjustment to retained earnings and also made the same amount provisions of special surplus reserve. If a special surplus reserve appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations (including subsidiaries), the special surplus reserve will be reversed proportionately on the Company's disposal of subsidiaries and associates; on the Company's loss of significant influence; however, the entire special surplus reserve will be reversed.

Due to subsidiaries liquidated in August 2022 and May 2021, the special surplus reserve of $2,898 thousand and $5,200 thousand is reversed.

17. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other Income

	Years Ended December 31, 2022	Years Ended December 31, 2021
Dividends	$ 11,974	$ 9,797
Others	8,418	10,304
	$ 20,392	$ 20,101

b. Other Gains and Losses

	Years Ended December 31, 2022	Years Ended December 31, 2021
Foreign exchange gain (loss)	$ 39,051	($ 18,653)
Loss on disposal investment	(3,936)	(2,768)
Financial assets at fair value through profit or loss	(3,361)	544
Gain (Loss) on disposal of property, plant and equipment	787	(616)
Others	-	(39)
	$ 32,541	$ 21,532

c. Finance Costs

Information about capitalized interest is as follows:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Capitalized interest amount	$ 1,642	$ 576
Capitalization rate (%)	1.07-1.60	0.87

d. Employee benefits expense, depreciation and amortization

Nature	Operating cost	Operating expenses and non-operating expenses	Total
Years Ended December 31, 2022			
Short-term benefits			
Payroll expense	$ 243,834	$ 114,879	$ 358,713
Labor and health insurance expense	22,187	10,689	32,876
Post-employment benefits			
Defined contribution plan	8,628	3,529	12,157
Defined benefit plans (Note 15)	119	48	167
Remuneration of directors	-	4,151	4,151
Other employee benefits	12,245	5,166	17,411
Depreciation expenses	80,071	9,727	89,798
Amortization expenses	180	6,681	6,861
Years Ended December 31, 2021			
Short-term benefits			
Payroll expense	235,534	107,945	343,479
Labor and health insurance expense	20,779	9,845	30,624
Post-employment benefits			
Defined contribution plan	8,104	3,218	11,322
Defined benefit plans (Note 15)	148	61	209
Remuneration of directors	-	3,938	3,938
Other employee benefits	12,067	4,961	17,028
Depreciation expenses	71,404	13,725	85,129
Amortization expenses	180	4,904	5,084

For the years ended December 31, 2022 and 2021, the average number of employees of the Company was 645 and 621, respectively, which included both 4 non-employee directors. The calculation basis is consistent with employee benefits expense.

For the years ended December 31, 2022 and 2021, the average employee benefits expense was $657 thousand and $653 thousand, respectively. For the years ended December 31, 2022 and 2021, the average employee salary was $560 thousand and $557 thousand, respectively. The average employee salary was increased by 1% year-on-year.

The Company established an Audit Committee in place of the Supervisor.

The remuneration policies are based on the Company's operational conditions, the industry standard, and the organizational position, and may be adjusted based on the overall economy, industrial environment and government regulations. Compensation of individual employees is determined based on his/her role, experience, professional abilities, and individual performance.

The correlation between remuneration policies and procedures and operating performance or results is determined periodically based on the Company's total turnover, profitability and capital turnover. The Company allocates a certain percentage of the total amount of performance bonus payable annually based on the Company's profit. After the amount is being reviewed by the remuneration committee and the audit committee and approved by the board of directors, employees that meet certain performance standards will be paid according to their assessed performance.

e. Compensation of Employees and Remuneration of Directors

According to the resolution of the Board of Directors, 1% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors. The distribution of bonus to employees may be made by way of cash or shares by the resolution of the Board of Directors. The employees may include certain employees of the subsidiaries who meet the conditions prescribed by the Company. The distribution of employee remuneration and director remuneration shall be reported at the shareholders' meeting. The Company shall first offset previous years' losses, and then appropriated of the certain percentage mentioned previously of annual profits as bonus to employees of the Company as bonus to Directors.

The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March, 2022 and March, 2021, respectively, were as follows:

	Years Ended December 31, 2022		Years Ended December 31, 2021	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	4%	$ 8,302	4%	$ 7,876
Remuneration of directors	2%	4,151	2%	3,938

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the next year.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

18. INCOME TAX

a. The Major Components of Income Tax Expense Recognized in Profit or Loss

	Years Ended December 31, 2022	Years Ended December 31, 2021
Current tax		
In respect of the current year	$ 11,026	$ 15,492
Adjustments for prior years	1,450	2,730
	12,476	18,222
Deferred tax		
In respect of the current year	17,751	13,726
Adjustments for prior years	(2,961)	43
	14,790	13,769
Income tax expense recognized in profit or loss	$ 27,266	$ 31,991

The reconciliation of accounting profit and income tax expenses is as follows:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Income tax expense calculated at the statutory rate (20%)	$ 39,018	$ 37,017
Nondeductible expenses in determining taxable income	(10,240)	(23,291)
Income tax adjustments on prior years	(1,512)	2,773
Income tax on offshore earnings	-	15,789
Discount on offshore earnings	-	(297)
Income tax expense recognized in profit or loss	$ 27,266	$ 31,991

b. Current Tax Assets and Liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	$ 488	$ 3,561
Current tax liabilities		
Income tax payable	$ 10,868	$ 2,214

c. Deferred Tax Assets and Liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit plans	$ 7,951	$ -	($ 219)	$ 7,732
Provision for loss on inventories	6,476	833	-	7,309
Investments accounted for using the equity method	5,271	(5,271)	-	-
Others	5,074	(2,993)	-	2,081
	$ 24,772	($ 7,431)	($ 219)	$ 17,122

For the year ended December 31, 2022	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Investments accounted for using the equity method	$ -	$ 7,076	$ -	$ 7,076
Defined benefit plans	5,278	283	-	5,561
	$ 5,278	$ 7,359	$ -	$ 12,637
For the year ended December 31, 2021				
Deferred Tax Assets				
Temporary differences				
Defined benefit plans	$ 8,510	$ -	($ 559)	$ 7,951
Investments accounted for using the equity method	16,321	(11,050)	-	5,271
Provision for loss on inventories	6,008	468	-	6,476
Others	7,968	(2,894)	-	5,074
	$ 38,807	($ 13,476)	($ 559)	$ 24,772
Deferred tax liabilities				
Temporary differences				
Defined benefit plans	$ 4,985	$ 293	$ -	$ 5,278

d. Income Tax Assessments

The income tax return of the Company through 2020 has been assessed by the tax authorities.

19. EARNINGS PER SHARE (EPS)

	Net profit for the year	Number of shares outstanding (in thousands)	Earnings per share (in dollar)
For the year ended December 31, 2022			
Basic EPS			
Net income available to the company	$ 167,822	109,094	$ 1.54
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	410	
Diluted EPS			
Company adding effect of potentially dilutive ordinary shares	$ 167,822	109,504	$ 1.53
For the year ended December 31, 2021			
Basic EPS			
Net income available to the company	$ 153,097	109,094	$ 1.40
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	324	
Diluted EPS			
Company adding effect of potentially dilutive ordinary shares	$ 153,097	109,418	$ 1.40

The Company offers to settle the employees' compensation in cash or shares; thus, the Company assumes the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

20. CAPITAL MANAGEMENT

The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The key management personnel of the Company periodically reviews the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

21. FINANCIAL INSTRUMENTS

a. Fair Values of Financial Instruments not Measured at Fair Value

The management of the Company believes that the book value of financial assets and liabilities, which are not measured by fair value approaches its fair value cannot be reliably measured.

b. Fair Value of Financial Instruments Measured at Fair Value on a Recurring Basis

1) Fair Value Hierarchy

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 46,077	$ -	$ -	$ 46,077
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic listed shares	$ 144,457	$ -	$ -	$ 144,457
－Domestic unlisted shares	-	-	52,496	52,496
	$ 144,457	$ -	$ 52,496	$ 196,953

December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 59,464	$ -	$ -	$ 59,464
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic listed shares	$ 171,698	$ -	$ -	$ 171,698
－Domestic unlisted shares	-	-	56,851	56,851
	$ 171,698	$ -	$ 56,851	$ 228,549

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

2) Valuation Techniques and Assumptions Applied for Fair Value Measurement

a) The fair value of financial instruments with standard conditions and traded in active market, including listed shares and emerging market shares, is decided based on the market price.

b) The unlisted equity investments at fair value through other comprehensive income are all measured at Level 3. The fair values of unlisted equity investments are determined using price-to-book ratio approach. In this approach, according to the financial information of the companies, both net book value per share calculated and share price estimated by comparing share price or P/E ratio with similar companies were used to capture the present value of the expected future economic benefits to be derived from the ownership of these investments.

3) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at fair value through other comprehensive income - equity instruments

	Years Ended December 31, 2022	Years Ended December 31, 2021
Balance at January 1	$ 56,851	$ 47,346
Unrealized gain (loss) on financial assets at FVTOCI	163	13,407
Return of capital due to capital reduction of invested companies	-	(3,902)
Invested companies closing	(448)	-
Disposal on equity of invested companies	(4,070)	-
Balance at December 31	$ 52,496	$ 56,851

c. Categories of Financial Instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measured at FVTPL - Held for trading	$ 46,077	$ 59,464
Financial assets at amortized costs (Note 1)	756,927	639,858
Financial assets at FVTOCI - Equity instruments	196,953	228,549
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	1,712,220	1,556,073

Note 1: The balances included cash and cash equivalents, restricted deposit, notes receivable, accounts receivable, other receivables and refundable deposits at amortized cost.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term notes payable, notes payable, accounts payable, current portion of long-term borrowings, and guarantee deposits received.

d. Financial Risk Management Objectives and Policies

The Company's major financial instruments include equity investments, accounts receivable, accounts payable, loans and lease liabilities. The Company's Financial Department monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market Risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign Currency Risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Company's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting periods are set out in Note 25.

Sensitivity Analysis

The Company was mainly exposed to the USD. When there was 1% increase in the New Taiwan dollar (functional currency) against USD, the pre-tax profit of the Company would decrease by $6,290 thousand and $3,782 thousand, respectively. A sensitivity rate is used internally when reporting to management from the Company on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates.

b) Interest Rate Risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	$ 123,008	$ -
Short-term notes payable	380,000	380,000
Long-term loans	649,825	545,756
Interest rate risk on cash flow		
Financial assets	407,370	328,417
Short-term loans	410,000	260,000

Sensitivity Analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.125% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would increase by $3 thousand and decrease by $86 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans.

2) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets

The Company adopted a policy of only dealing with creditworthy counterparties and determined of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. The concentration of credit risk was limited due to the fact that the customer base was large and unrelated.

3) Liquidity Risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022, and 2021. The Company had available unutilized short-term bank loan facilities of $580,902 thousand and $684,900 thousand, respectively.

Liquidity and Interest Rate Risk Table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Classification	Less than 1 Year	1-5 Years	6-10 Years	Total
December 31, 2022				
Non-interest bearing liabilities	$ 272,395	$ -	$ -	$ 272,395
Variable interest rate liabilities	410,000	-	-	410,000
Fixed interest rate liabilities	498,759	410,745	144,632	1,054,136
	$ 1,181,154	$ 410,745	$ 144,632	$ 1,736,531
December 31, 2021				
Non-interest bearing liabilities	$ 370,317	$ -	$ -	$ 370,317
Variable interest rate liabilities	260,000	-	-	260,000
Fixed interest rate liabilities	401,793	473,869	71,486	947,148
	$ 1,032,110	$ 473,869	$ 71,486	$ 1,577,465

22. RELATED PARTY TRANSACTIONS

Besides information disclosed in the other notes, details of transactions between the Company and its related parties were disclosed as follows:

a. Related Party Name and Categories

Related Party Name	Related Party Category
PACER TECH	Subsidiary
ECE USA	Subsidiary
Fulltron Samoa	Subsidiary
GOOD SKY ELECTRIC	Subsidiary
EXCEL Cell Electronic Suzhou Co., Ltd. (EXCEL Suzhou)	Subsidiary
Good Sky BVI	Subsidiary

Related Party Name	Related Party Category
Good Sky Malaysia	Subsidiary
Good Sky Relay (Shenzhen) Ltd. (Good Sky Shenzhen)	Subsidiary
Simply Success Investment Ltd. (Simply Success)	Subsidiary
Neocene Technology (Suzhou) Corp. (Neocene Suzhou)	Subsidiary
EXCEL Cell Electronic Suzhou Co., Ltd. (EXCEL Suzhou)	Subsidiary
Fuzetec Technology	Associates
P-DUKE TECHNOLOGY CO.,LTD.	Other related parties
MAX ECHO TECHNOLOGY CORP.	Other related parties
POLYMATE TECHNOLOGY CO., LTD.	Other related parties
GUANG NA INVESTMENT CO., LTD	Other related parties
ASEP TEC CO., LTD.	Other related parties
K. S. TERMINALS INC.	Other related parties
Liao Pen-Lin	Key management personnel

b. Sales of goods

	Years Ended December 31, 2022	Years Ended December 31, 2021
Subsidiary	$ 118,670	$ 153,682
Other related parties	8,374	7,299
	$ 127,044	$ 160,981

The selling prices and transaction terms to related parties were similar to third parties.

c. Purchase of goods

	Years Ended December 31, 2022	Years Ended December 31, 2021
Subsidiary		
EXCEL Anhui	$ 75,974	$ 46,619
Other	11,872	47,627
	87,846	94,246
Associates	7,092	7,646
Other related parties	17,616	24,985
	$ 112,554	$ 126,877

The purchase of goods from related parties were made for goods of special specifications. There were no similar transactions with third parties for comparison; payment terms were similar to third parties.

d. Operating cost - processing charges

	Years Ended December 31, 2022	Years Ended December 31, 2021
Other related parties	$ 35,819	$ 50,340

e. Other non-operating income

	Years Ended December 31, 2022	Years Ended December 31, 2021
Subsidiary	$ 803	$ 1,365
Associates	554	284
Other related parties	586	540
	$ 1,943	$ 2,189

The income is mainly from technical services, management fees and other income.

f. Accounts receivable, Net

	December 31, 2022	December 31, 2021
Subsidiary	$ 24,798	$ 50,698
Other related parties	1,496	3,043
	$ 26,294	$ 53,741

g. Accounts payable and notes payable

	December 31, 2022	December 31, 2021
Subsidiary		
EXCEL Anhui	$ 19,665	$ 24,832
Other	568	8,679
	20,233	33,511
Associates	2,430	3,002
Other related parties	16,307	29,072
	$ 38,970	$ 65,585

h. Other receivables

	December 31, 2022	December 31, 2021
Subsidiary	$ 477	$ 11

i. Other payables

	December 31, 2022	December 31, 2021
Subsidiary	$ -	$ 901

j. Acquisition of property, plant and equipment

	Items	Acquisition Price Years Ended December 31, 2022	Acquisition Price Years Ended December 31, 2021
Subsidiary	Machinery and Equipment	$ -	$ 1,754
Other related parties	Other equipment	295	160
		$ 295	$ 1,914

k. Disposal of property, plant and equipment

	Proceeds		Gain on Disposal	
	Years Ended December 31, 2022	Years Ended December 31, 2021	Years Ended December 31, 2022	Years Ended December 31, 2021
Subsidiary	$ 835	$ -	$ 88	$ -

l. Compensation of key management personnel

	Years Ended December 31, 2022	Years Ended December 31, 2021
Short-term employee benefits	$ 14,962	$ 12,834
Post-employment benefits	172	136
	$ 15,134	$ 12,970

The remuneration of directors and other key management was determined by the Compensation Committee based on the performance of individuals and market trends.

23. MORTGAGED AND PLEDGED ASSETS

The following assets were provided as collateral for long-term loans:

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 958,924	$ 865,581

24. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Material contingent liabilities and unrecognized contractual commitments of the Company as of the end of the reporting period, excluding those disclosed in other notes, were as follows:

	December 31, 2022	December 31, 2021
Unrecognized contractual commitments - acquisition of property, plant and equipment	$ 13,338	$ 98,121

25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

Financial assets	December 31, 2022 Foreign Currencies	Exchange Rate	Carrying Amount (NTD)	December 31, 2021 Foreign Currencies	Exchange Rate	Carrying Amount (NTD)
Monetary items						
USD	$ 21,289	30.66	$ 652,714	$ 15,504	27.63	$ 428,385
JPY	41,538	0.23	9,570	63,730	0.24	15,200
EUR	177	32.52	5,748	1,389	31.12	43,224
Investments accounted for using the equity method						
USD	32,854	30.66	1,007,317	35,042	27.63	968,216
Financial liabilities						
Monetary items						
USD	774	30.66	23,727	1,816	27.63	50,186

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	Years Ended December 31, 2022 Exchange Rate	Net Foreign Exchange Gains	Years Ended December 31, 2021 Exchange Rate	Net Foreign Exchange Losses
USD	29.76	$ 31,350	27.96	($ 14,367)
EUR	31.16	1,502	32.96	(3,833)
JPY	0.23	794	0.25	(267)

26. ADDITIONAL DISCLOSURES

a. Information about material transactions and b. Information about investments in other enterprises

1) Lending funds to other parties and or guarantee: Table 1

2) Endorsements/guarantees provided: Table 2

3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3

4) Marketable securities acquired or disposed of at costs or prices accumulated of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

10) Information on investees: Table 4

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 6

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 6

c) The amount of property transactions and the amount of the resultant gains or losses: None

d) The balance of bill endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to accommodation of funds: Table 1

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None

d. Information about major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7

Table 1

Excel Cell Electronic Company Limited and its subsidiaries

LENDING FUNDS TO OTHER PARTIES AND OR GUARANTEE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Interest Rate	Nature for Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1 & 3)	Aggregate Financing Limit (Note 2 & 3)
													Item	Value		
0	The Company	EXCEL Anhui	Other receivables from related parties	Y	$ 57,150 (USD 2,000)	$ -	$ -	1%	The need for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 131,406	$ 1,051,248

Note 1: According to the financing provided by the Company and subsidiaries, the individual and aggregate financing limit should not exceed 5% of the equity presented in the consolidated financial statements of the Group.

Note 2: According to the financing provided by the subsidiaries, the individual and aggregate financing limit should not exceed 40% of the equity presented in the consolidated financial statements of the company.

Note 3: The individual loan amount and total amount of loans between the foreign companies, which are held directly or indirectly 100% of voting share, the individual and aggregate financing limit should not exceed 40% of the equity presented in the consolidated financial statements of the company.

Note 4: The highest balance for the period and ending balance present in NT$ at the exchange rate at the end of each month for the period.

Note 5: Foreign currencies are converted into NT$; the exchange rate was as of December 31, 2022.

Table 2

Excel Cell Electronic Company Limited and its subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Notes 1)	Maximum Balance for the Period (Note 3)	Ending Balance (Note 4)	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	EXCEL Anhui	Subsidiary	$ 525,624	$ 96,495 (USD 3,000)	$ 91,980 (USD 3,000)	$ 17,384 (USD 567)	$ -	3%	$ 1,314,061	Y	—	Y
1	EXCEL Suzhou	EXCEL Anhui	The same parent company	37,032	18,528 (RMB 4,135)	-	-	-	-	185,158	—	—	Y

Note 1: For the parent company holds directly and indirectly more than 90% of the common stock of the subsidiaries, the limit should not exceed 20% of the equity presented in the financial statements of the Company. Others should not exceed 10% of the equity presented in the financial statements of the Company.

Note 2: The maximum amount of the total guarantee for all group entities is 50% of the net assets of the Company and EXCEL Suzhou.

Note 3: The maximum amount was translated into thousands of New Taiwan dollars at prevailing exchange rate at the date of the transaction.

Note 4: The ending balance and actual borrowing amount were translated into thousands of New Taiwan dollars at prevailing exchange rate on balance sheet date.

Table 3

Excel Cell Electronic Company Limited and its subsidiaries

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value (Note)	
The Company	Stock							
	INITIO CORPORATION	—	Financial assets at fair value through other comprehensive income - noncurrent	24,899	$ -	2	$ -	
	SUNSINO DEVELOPMENT ASSOCIATE INC.	—	Financial assets at fair value through other comprehensive income - noncurrent	1,783,490	1,944	4	1,944	
	ASEP TEC CO., LTD.	Other related parties	Financial assets at fair value through other comprehensive income - noncurrent	4,062,375	42,940	17	42,940	
	HUA ZHONG VENTURE CAPITAL CO., LTD	—	Financial assets at fair value through other comprehensive income - noncurrent	9,235	92	5	92	
	FUJITER SEMICONDUCTOR CO., LTD.	—	Financial assets at fair value through other comprehensive income - noncurrent	293,771	3,020	1	3,020	
	LETEX TECHNOLOGY CORP.	—	Financial assets at fair value through other comprehensive income - noncurrent	540,000	4,500	10	4,500	
	P-DUKE TECHNOLOGY CO., LTD.	Other related parties	Financial assets at fair value through other comprehensive income - noncurrent	737,142	63,689	1	63,689	
	MAX ECHO TECHNOLOGY CORP.	Other related parties	Financial assets at fair value through other comprehensive income - noncurrent	3,827,843	80,768	11	80,768	
	APEX DISPLAY CO., LTD	—	Financial assets at fair value through profit or loss - noncurrent	6,522	-	3	-	
	Open-Ended Fund							
	PineBridge Preferred Securities Income Fund	—	Financial assets at fair value through profit or loss - current	136,374	46,077	-	46,077	
PACER TECH	Stock							
	P-DUKE TECHNOLOGY CO., LTD.	Other related parties	Financial assets at fair value through other comprehensive income - noncurrent	606,657	52,415	1	52,415	
	BASSO INDUSTRY CORP.	—	Financial assets at fair value through other comprehensive income - noncurrent	100,000	4,095	-	4,095	
	HUA ZHONG VENTURE CAPITAL CO., LTD	—	Financial assets at fair value through other comprehensive income - noncurrent	3,009	30	2	30	
	DER YANG BIOTECHNOLOGY VENTURE CAPITAL CO.,LTD	—	Financial assets at fair value through other comprehensive income - noncurrent	15,339	153	1	153	

Note 1: The information about fair value please see Note 24.

Table 4

Excel Cell Electronic Company Limited and its subsidiaries
INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	ECE USA	USA	Trading of electronic products	$ 7,578	$ 7,578	2,500	100	$ 34,284	USD 409	$ 11,739	
	PACER TECH	Taichung City	Trading of electronic products	9,610	9,610	1,919,600	80	58,598	$ 11,505	9,202	
	Fulltron Samoa	Republic of Mauritius	Investment holding company	388,928	388,928	11,650,000	100	370,900	USD 1,626	48,422	
	GOOD SKY ELECTRIC	Taichung City	Trading of electronic products	1,000	50,000	100,000	100	27,145	13,681	13,681	
	Fuzetec Technology	New Taipei City	Manufacturing of electronic parts	102,630	102,630	9,044,406	24	258,537	158,791	38,396	
	Good Sky BVI	British Virgin Islands	Investment holding company and Trading of electronic products	-	160,638	-	-	-	(USD 198)	(5,708)	
	Good Sky Malaysia	Malaysia	Trading of electronic products	1,235	1,235	375,163	100	16	(MYR 2)	(11)	
	Simply Success	British Virgin Islands	Investment holding company	27,540	27,540	2,820,000	100	102,079	USD 6	175	

Table 5

Excel Cell Electronic Company Limited and its subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 4)	Carrying Amount as of Balance as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022 (Note 4)
					Outflow	Inflow						
EXCEL Suzhou (Note 6)	Processing, manufacturing and trading of electronic products	$ 337,260 (USD 11,000)	(Note 1)	$ 337,260 (USD 11,000)	$ -	$ -	$ 337,260 (USD 11,000)	$ 48,397	100%	$ 48,412	$ 375,859	$ -
Good Sky Shenzhen (Note 6)	Processing, manufacturing and trading of electronic products	204,870 (USD 6,682)	(Note 2)	204,870 (USD 6,682)	-	97,836 (USD 3,191)	107,034 (USD 3,491)	(1,290)	100%	(1,315)	-	-
PACER INDUSTRIAL (SHANGHAI) COMPANY LIMITED (PACER Shanghai) (Note 6)	Trading of electronic products	6,132 (USD 200)	(Note 3)	6,132 (USD 200)	-	-	6,132 (USD 200)	-	-	-	-	-
Neocene Suzhou (Note 6)	Manufacturing and trading of electronic parts	27,011 (USD 881)	(Note 1)	27,011 (USD 881)	-	-	27,011 (USD 881)	761	100%	1,534	102,402	-
EXCEL Anhui (Note 6)	Processing, manufacturing and trading of electronic products	643,860 (USD 21,000)	(Note 1)	551,880 (USD 18,000)	91,980 (USD 3,000)	-	643,860 (USD 21,000)	(74,207)	100%	(37,104)	500,038	-

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
The Company	$ 1,115,166 (USD 36,372)	$ 1,161,309(Note 5) (USD 37,877)	$ 1,563,626
PACER TECH	$ 6,132 (USD 200)	$ 6,132 (USD 200)	$ 80,000

Note 1: EXCEL Suzhou invest through Fulltron Samoa; Good Sky Shenzhen invest through Good Sky BVI; Neocene Suzhou invest through Simply Success which invested by the Company.

Note 2: Good Sky Shenzhen invested in Good Sky BVI. Good Sky Shenzhen had been liquidated in September 2022 but not yet revoked by Investment Commission, MOEA.

Note 3: The company invest in PACER TECH through PACER Hong Kong invest in PACER Shanghai. PACER TECH had disposal of share of PACER Hong Kong but not yet revoked by Investment Commission, MOEA.

Note 4: Except for EXCEL Suzhou which was audited by the Parent Company Accountant, the other are not audited by the Parent Company Accountant.

Note 5: According the “Principles Governing the Review of Investments or Technical Cooperation in Mainland China” issued by the Investment Commission, the investment amount in mainland China should be limited to 60% of net value and amount $80,000 thousand dollars.

Note 6: The total investment amount approved by the Investment Commission, MOEA, were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

Excel Cell Electronic Company Limited and its subsidiaries

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Relationship	Transaction Type	Amount	Purchase/Sale (%)	Transaction Details			Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss
						Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage (%)	
The Company	EXCEL Anhui	Subsidiary	Purchase	$ 75,974	11	Negotiated with reference to order price	90 days for a monthly balance	The terms with related parties are not significantly different from those with third parties	($ 19,665)	11	$ -
			Sales	42,440	3	Negotiated with reference to order price	90 days for a monthly balance	The terms with related parties are not significantly different from those with third parties	12,004	5	-
	EXCEL Suzhou	Subsidiary	Purchase	8,436	1	Negotiated with reference to order price	60 days for a monthly balance	The terms with related parties are not significantly different from those with third parties	(107)	-	-
			Sales	26,638	2	Negotiated with reference to order price	60 days for a monthly balance	The terms with related parties are not significantly different from those with third parties	2,768	1	-
EXCEL Anhui	Neocene Suzhou	Subsidiary	Purchase	1,291	1	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third parties	(52,474)	51	-
			Sales	2,854	1	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third parties	1,489	1	-
	EXCEL Suzhou	Subsidiary	Sales	22,700	5	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly	7,167	6	-

Company Name	Counterparty	Relationship	Transaction Type	Amount	Purchase/Sale (%)	Transaction Details			Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss
						Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage (%)	
								different from those with third parties			
Neocene Suzhou	EXCEL Anhui	Subsidiary	Purchase	2,854	100	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third parties	(1,489)	71	-
			Sales	1,291	40	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third parties	52,474	100	-
EXCEL Suzhou	EXCEL Anhui	Subsidiary	Purchase	22,700	8	Negotiated with reference to order price	Next month ends 60 days	The terms with related parties are not significantly different from those with third parties	(7,167)	40	-

Table 7

Excel Cell Electronic Company Limited and its subsidiaries

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
GUANG NA INVESTMENT CO., LTD	9,045,682	8.29%
Liao Pen-Lin	7,339,548	6.72%
Xiao Deng-Tang	6,745,729	6.18%
GUANG DA INVESTMENT CO., LTD	5,503,403	5.04%

Note: The table discloses stockholding information of stockholders whose ownership percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The stocks reported in the financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Statement 1

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Item	Foreign-currency	Exchange rates	Amount (TWD)
Cash in banks			
Checking accounts			$ 104
Demand deposits			42,958
Foreign currency deposits			
USD	10,276	30.66	315,072
RMB	4,907	4.38	21,516
EUR	73	32.52	2,371
JPY	4,362	0.23	1,005
GBP	22	36.89	822
HKD	1,324	3.91	5,175
			389,023
Cash on hand			355
Cash equivalents			
Repurchase agreements - USD	4,012	30.66	123,008
			$ 512,386

Statement 2

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF RECEIVABLES FROM UNRELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Notes receivable - Unrelated parties	
TW139	$ 2,547
LT017	2,382
YC 022	915
PA020	619
DD007	603
GG005	588
Others (Note)	4,289
	$ 11,943
Accounts receivable - Unrelated parties	
TY030	$ 26,756
LO012	12,652
DW016	11,564
GB040	8,587
Others (Note)	124,698
	184,257
Less: Allowance for doubtful accounts	(435)
	$ 183,822

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Statement 3

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF INVENTORIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Cost	Market Value (Note)
Finished goods	$ 107,913	$ 132,655
Semi-finished goods	75,961	102,686
Work in process	25,076	30,416
Raw materials	102,104	104,483
Merchandise	750	1,855
	$ 311,804	$ 372,095

Note 1: The market value is based on net realizable value.
Note 2: Inventories were not pledged.

Statement 4

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Balance, January 1, 2022			Additions in Investment		Decrease in Investment		Balance, December 31, 2022			Accumulated Impairment Loss	Collateral	Remarks
	Shares	Fair Value	%	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	%			
Domestic unlisted shares													
ASEP TEC CO., LTD.	4,062,375	$ 42,777	17	-	$ 163	-	$ -	4,062,375	$ 42,940	17	(Note 1)	(Note 2)	
LETEX TECHNOLOGY CORP.	540,000	4,500	10	-	-	-	-	540,000	4,500	10	(Note 1)	(Note 2)	
FUJITER SEMICONDUCTOR CO., LTD.	293,771	3,020	1	-	-	-	-	293,771	3,020	1	(Note 1)	(Note 2)	
SUNSINO DEVELOPMENT ASSOCIATE INC.	1,783,490	1,944	4	-	-	-	-	1,783,490	1,944	4	(Note 1)	(Note 2)	
HUA ZHONG VENTURE CAPITAL CO., LTD	9,235	92	5	-	-	-	-	9,235	92	5	(Note 1)	(Note 2)	
GET-TEAM TECH CORPORATION	407,008	4,070	5	-	-	407,008	4,070	-	-	-	(Note 1)	(Note 2)	
WK ASSOCIATES EIGHTH VENTURE CAPITAL CO., LTD	476,850	448	2	-	-	476,850	448	-	-	-	(Note 1)	(Note 2)	
INITIO CORPORATION	24,898	-		-	-	-	-	24,898	-	2	(Note 1)	(Note 2)	
		56,851			163		4,518		52,496				
Domestic listed shares													
MAX ECHO TECHNOLOGY CORP.	3,853,843	116,117	-	-	-	26,000	35,349	3,827,843	80,768	-	(Note 1)	(Note 2)	
P-DUKE TECHNOLOGY CO., LTD.	737,142	55,581	-	-	8,108	-	-	737,142	63,689	-	(Note 1)	(Note 2)	
		171,698			8,108		35,349		144,457				
		$ 228,549			$ 8,271		$ 39,867		$ 196,953				

Note 1: For the financial assets at fair value through other comprehensive income, the accumulated impairment loss is not applicable.
Note 2: Financial assets were not pledged.

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2022			Additions in Investment		Decrease in Investment		Others		Exchange Differences on Translation of Foreign Financial Statements	Balance, December 31, 2022			
Investees	Shares	Amount	%	Shares	Amount	Shares	Amount	(Note)	Profit (Loss) of Investments		Shares	Amount	%	Net Assets Value
EXCEL Anhui	-	$ 413,136	100	-	$ 119,720	-	$ -	$ -	($ 37,104)	$ 4,286	-	$ 500,038	100	$ 500,038
Fulltron Samoa	11,650,000	317,701	100	-	-	-	-	-	48,422	4,777	11,650,000	370,900	100	375,908
Simply Success	2,820,000	100,370	100	-	-	-	-	-	175	1,534	2,820,000	102,079	100	102,079
PACER TECH	1,919,600	50,886	100	-	-	-	-	(1,490)	9,202	-	1,919,600	58,598	80	57,704
ECE USA	2,500	19,954	100	-	-	-	-	-	11,739	2,591	2,500	34,284	100	35,020
GOOD SKY ELECTRIC	5,000,000	62,464	100	-	-	(4,900,000)	(49,000)	-	13,681	-	100,000	27,145	100	24,786
Good Sky Malaysia	375,163	27	100	-	-	-	-	-	(11)	-	375,163	16	100	16
Good Sky BVI	35,750	117,028	100	-	-	(35,750)	(118,004)	-	(5,708)	6,684	-	-	-	-
Fuzetec Technology	9,044,406	252,422	24			-	-	(32,575)	38,396	294	9,044,406	258,537	24	258,541
		$1,333,988			$ 119,720		($ 167,004)	($ 34,065)	$ 78,792	$ 20,166		$1,351,597		$1,354,092

Note: Include cash dividends, adjustment of actuarial gains and loss and unrealized gains (losses) from investments in equity instruments.

Statement 6

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Type/Bank Name	Maturity Date	Interest Rate (%)	Amount
Unsecured Borrowings			
Mega International Commercial Bank Pei-Taichung Branch	2023.08.31	1.40-1.52	$ 170,000
Cathay United Bank Taichung District Centre	2023.01.05	1.38	90,000
The Shanghai Commercial & Savings Bank, Ltd. Chung Kang Branch	2023.03.23	1.69	150,000
			$ 410,000

Statement 7

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF SHORT-TERM NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Maturity Date	Interest Rate (%)	Amount
MEGA BILLS FINANCE CO., LTD	2023.10.17	1.57	$ 300,000
Ta Ching Bills Finance Corporation	2023.02.17	1.72	80,000
			$ 380,000

Statement 8

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF PAYABLES TO UNRELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name	Amount
Notes payable – unrelated parties	
HD	$ 1,296
HS112	86
TY026	72
	$ 1,454
Accounts payable – unrelated parties	
DE036	$ 57,671
Others (Note)	75,498
	$ 133,169

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Statement 9

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF OTHER PAYABLES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name	Amount
Salaries and wages payable	$ 49,462
Other payables expense	36,422
Employee's compensation payable	12,539
Others	379
	$ 98,802

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Type/Bank Name	Contract Period (Note)	Repayment	Interest Rates (%)	Current Portion of Long-term Borrowings	Non-current Portion of Long-term Borrowings	Total	Collateral
Unsecured Borrowing							
Mega International Commercial Bank Pei-Taichung Branch	2019.12.2-2029.12.02	The loan is a working capital loan with a grace period of three years (started in December 2019) and is repayable in four equal annual installments after the grace period.	1.725	$ 102,539	$ 294,846	$ 397,385	—
Mega International Commercial Bank Pei-Taichung Branch	2019.12.2-2029.12.02	The loan is for the purchase of machinery and equipment with a grace period of three years (started in December 2019) and is repayable in seven equal annual installments after the grace period.	1.725	16,941	99,860	116,801	—
				119,480	394,706	514,186	
Secured Borrowing							
Mega International Commercial Bank Pei-Taichung Branch	2021.06.08-2031.06.08	The loan is for the construction of a plant with a grace period of three years (started in June 2021) and is repayable in seven equal annual installments after the grace period.	1.725	-	135,639	135,639	Land and Building
				$ 119,480	$ 530,345	$ 649,825	

Note: Within the contract period.

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Quantity (In Thousands)	Amount
Semiconductors components	Around 8,036,000	$ 529,993
DIP Switch	Around 106,000	376,222
Electronic components	Around 87,000	276,181
Relays	Around 12,000	176,902
Stepping Motor	Around 18,000	92,919
Revenue total		1,452,217
Less: Sales return		(6,744)
Sales discount		(3,851)
Net revenue		$ 1,441,622

Statement 12

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials balance, beginning of year	$ 121,596
Raw material purchased	434,226
Raw materials, end of year	(107,886)
Others	(42,994)
Raw materials used	404,942
Direct labor	181,759
Manufacturing expenses	374,735
Manufacturing cost	961,436
Semi-finished goods, beginning of year	110,242
Semi-finished goods purchased	83,912
Semi-finished goods, end of year	(86,978)
Others	(73,970)
Work in process, beginning of year	49,464
Work in process, end of year	(25,106)
Cost of finished goods	1,019,000
Finished goods, beginning of year	98,671
Finished goods purchased	74,743
Finished goods, end of year	(123,477)
Others	(732)
Cost of finished goods	1,068,205
Merchandise, beginning of year	1,496
Merchandise purchased	13,210
Merchandise, end of year	(1,255)
Others	65,432
Total	$ 1,147,088

Statement 13

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll	$ 18,862	$ 54,702	$ 41,315	$114,879
Depreciation expense	551	3,806	5,370	9,727
Import/export expense	12,357	177	-	12,534
Others	11,231	36,885	32,813	80,929
	$ 43,001	$ 95,570	$ 79,498	$218,069