Stock Code: 2483

Excel Cell Electronic Co., Ltd.

2023 Annual Report

The Company's annual report is available on https://www.ece.com.tw/zh-tw/
Website designated by the Securities and Futures Bureau to file reports: http://mops.twse.com.tw/mops/web/index

Published on April 2, 2024

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 2023

(I) Business plan implementation results:

In 2023, due to the unfavorable global economic situation, sales momentum in both the consumer electronics market and the industrial control market significantly declined. Additionally, with the global slowdown in automotive sales and undergoing inventory adjustments in the semiconductor industry, the overall performance of the manufacturing industry in Taiwan showed a general trend of recession. Our company's consolidated operating income for 2023 was NT$ 1,796,452 thousand, a decrease of NT$ 429,143 thousand compared to 2022. The consolidated gross profit margin was 14%, a decrease of 5% from the same period last year. Consolidated gross profit decreased by NT$ 167,526 thousand, while consolidated operating expenses decreased by NT$ 22,223 thousand. The consolidated operating net loss for 2023 was NT$ 31,521 thousand, a decrease of NT$ 145,303 thousand compared to 2022.

Non-operating income was NT$ 56,893 thousand, which included foreign currency exchange benefit NT$ 12,973 thousand; the share of recognized benefits of in associates for using equity method was NT$ 16,408 thousand; dividend revenue was NT$ 11,682 thousand; other revenue was NT$ 17,138 thousand; disposal of investment property benefit was NT$ 17,720 thousand; financial cost was NT$ 21,083 thousand, etc., and 2023 net profit after tax was NT$ 37,036 thousand; net profit attributable to the Company owner was NT$35,280 thousand; earnings per share was NT$ 0.32.

(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	2023	2022
Operating revenue	1,796,452	2,225,595
Operation gross profit	249,707	417,233
Operating expenses	281,228	303,451
Operating income	(31,521)	113,782
Net income for this period	37,036	170,125
Net income attributable to		
Owners of the Company	35,280	167,822
Non-controlling interests	1,756	2,303

2. Profitability analysis:

Item		2023	2022
Gross profit margin (%)		14	19
Return on assets (%)		1.23	4.12
Return on shareholders' equity (%)		1.44	6.58
As a percentage of paid-in capital (%)	Operating income	(2.89)	2.11
	Income before tax	2.33	8.30
Net profit margin (%)		2.06	7.64
Earnings per share (NTD)		0.32	1.54

(IV) Status of R&D

1. Lead Frame for Semiconductor Industry
   (1) The lead frame for the power module of hybrid vehicles is officially in mass production.
   (2) The lead frame for automotive TVS components with new specifications is officially in mass production.
   (3) New lead frame for high-power automotive applications have entered the trial production stage.
   (4) Lead frame IC power modules are being sampled to new customers.
2. Electronic components
   (1) Development of terminal blocks (screwless type) series, key switches, rotary switches, and micro switches for future-oriented applications in smart industries, automotive, lighting, industrial electronic, and electric hand tool applications, as well as product development and promotion.
   (2) Research and develop products for industrial electromechanical equipment using high-voltage/high-current terminal blocks.
   (3) Develop a series of compact high-impact trigger switches (integrated Hall element sensing type) for precision hand tools.
   (4) Develop a series of industrial control switches with ultra-small 25*35mm switch plates.
   (5) Develop a series of ultra-small industrial control with quick-detach safety lock attachment switch bases.
   (6) The self-design relay testing equipment is approved for mass production and has achieved the goal of independent research and development by adding AC (alternating current) relay testing functionality on the existing basis.
   (7) Further implementation of automated production equipment for relays, while the second automatic line for GQ relay approved for mass production. Implementation a second automatic line for EMI relay, currently in the trial stage. Implement an automatic lines for MIH relay to continue increasing production capacity.
   (8) Implementation of optocoupler relay production equipment to increase production capacity, and has been approved of mass production.

3. Stepping motors
   (1) Medical motor module development: the blood pressure monitor motor has been put into mass production, while the blood analyzer motor has entered the customer testing phase.
   (2) Clock module motor and mechanism development completed.
   (3) Servo stepper motor development for use in automated equipment motors has entered the real-machine testing and functional enhancement phase.
   (4) Aircraft motor research and sampling testing in progress.

II. Summary of this year’s business plan

The Company formulated the **2024** 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: Through the continued promotion of innovative activities such as lean production, SPC quality systems, and strategic marketing, we accelerate the research and development of products tailored for environmental sustainability, electric vehicles, and smart home control applications. This effort aims to sustain our global competitiveness, assist customers in maintaining their leadership positions, and provide comprehensive solutions, establishing us as their long-term strategic partners.
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 2024 is as follows:

Unit: In thousands of pieces

Item	Sales quantity
Semiconductor	20,265,556
Electronic components	93,235
Mechanical 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 line for relays.

III. Future development strategy

(I) Lead Frame for Semiconductor Industry:

(1) Continuously develop new customers in the European and American markets.
(2) Expand the business of lead frame for automotive market.
(3) Develop high-end application products and markets such as smart/green energy products.

(II) Electronic components:

(1) Developing emerging markets in ASEAN countries, planning to expand sales networks through online platforms and e-commerce systems by introducing distributors, and executing comprehensive product line promotion. The main focus is on differentiated products such as semiconductor relays and solid-state relays, targeting markets primarily in industrial automation, household appliance applications, and electric vehicles.
(2) Developing markets such as PSU/PDU, green energy, electric vehicles, and 5G network applications, while continuously expanding industries such as HVAC refrigeration air conditioning and smart appliances.
(3) Through continuous promotion of innovative activities such as lean production, SPC quality systems, and strategic marketing, accelerating the research and development

of products for environmental protection, green energy, electric vehicles, and smart home control applications, maintaining global competitiveness, assisting customers in maintaining their leading positions, providing complete and comprehensive solutions, and becoming long-term strategic partners for customers.

(III) Stepping motors:

(1) Expanding motor types: linear motor, robot arm motor, screw motors and HB type stepping motor and DC brushed motors.
(2) Expansion of application products with mortar manufacturing technologies: automotive expansion valve coil, electromagnetic valve, throttle actuator and valve linear stepping motor actuator.
(3) Development on new market: expanding business in regions, such as Europe, USA, Russia and Japan, etc.

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

(I) Impact of the external competition environment

In 2023, due to the unfavorable global economic situation, sales momentum in both the consumer electronics market and the industrial control market significantly declined. Additionally, with the global slowdown in automotive sales and undergoing inventory adjustments in the semiconductor industry, the overall performance of the manufacturing industry in Taiwan showed a general trend of recession.

(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 ahead, the pressure of semiconductor inventory adjustment is expected to gradually ease. Demand in consumer electronics, automotive, and industrial markets is expected to gradually recover. Demand for automotive, AI, 5G, low-orbit satellites, and other related applications is gradually increasing. The demand for discrete components will also increase due to the growing demand for automotive and industrial control new products, bringing new growth opportunities. In addition, the gradual clearance of semiconductor supply chain inventory related to consumer electronics products will lead to a stronger willingness of end customers to place orders, stimulating the capacity utilization rate of semiconductor packaging and testing companies to rebound, further driving demand for lead frames. Therefore, it is expected that the manufacturing industry's business climate will improve in 2024. 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

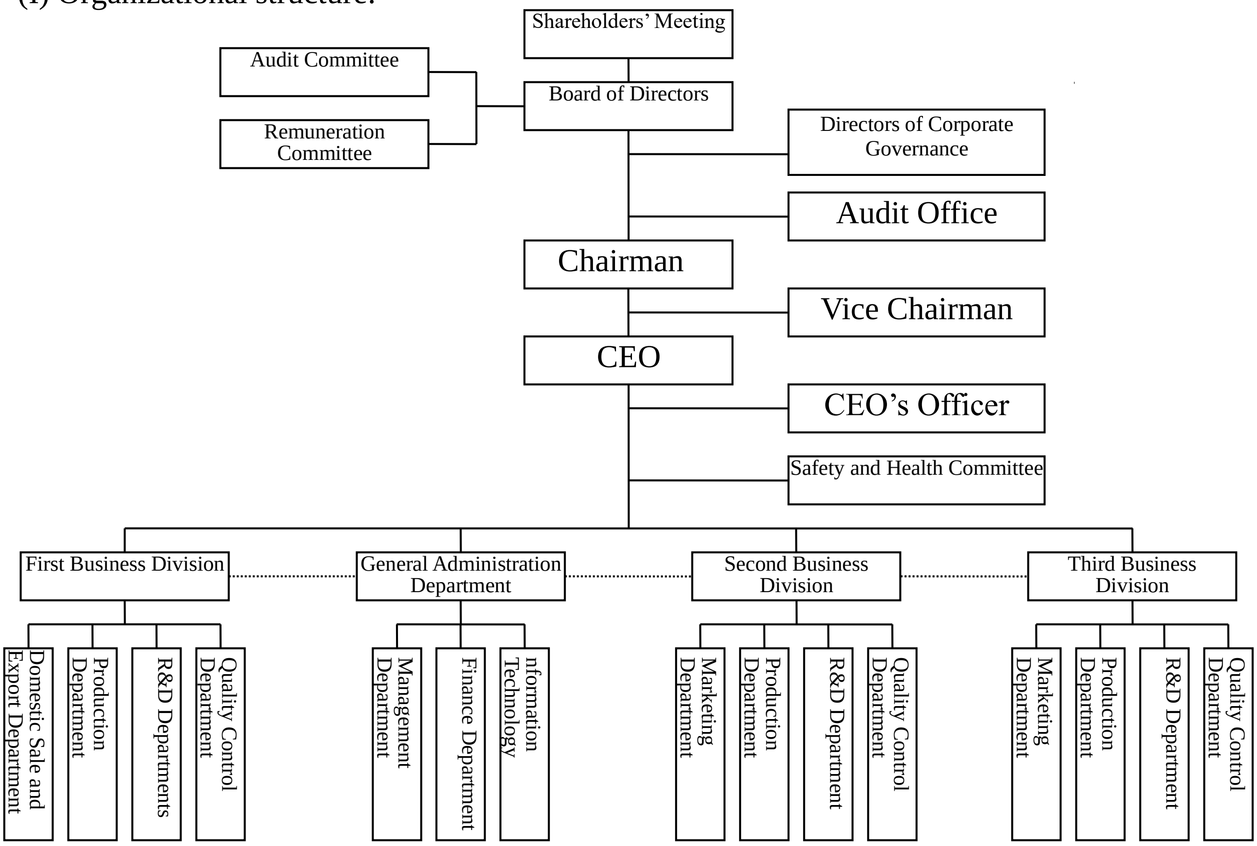
June 1999	Increased the capital to NT$414.05 million.
October	The monthly sales volume exceeded 61 million pieces.
April 2000	The Board of Directors issued 5 million registered ordinary shares through a cash capital increase.
May 2000	The capital amounted to NT$589.675 million after a cash capital increase.
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 Zhuhou Elementary School in Kaohsiung City.
April 2023	Made public welfare donation for Taiwan Good Air Yufu Tian Project.
May 2023	Created Love Library for Da'an Elementary School in Taoyuan 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.
Directors of Corporate Governance	Responsible for corporate governance-related matters.
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, 2024; 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. Director 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 Director	Liao Pen-Lin Liao Yueh-Shiang	Brothers Brother and sister	
Director	Taiwan	Hsu Min-Cheng	Male 61-65	2022.05.31	3 years	2007.06.11	30,000-	-	30,000	0.03	-	-	-	-	Master's from Tulane University	-	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 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 61-65	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. Director 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 Pacer Technology Co., Ltd.	None	None
Liao Pen-Tien	China University of Science and Technology	-	None	None
Hsu Min-Cheng	Master's from Tulane University	-	None	None
Hsu Ching-Tao	Master's from Management, National	Senior Manager of President Securities Corporation	Aligned with	Independent director of

Name \ Criteria	Professional qualifications and experience		Independence criteria	Number of other public companies where the individual serves as an independent director concurrently
	Chung Hsing University		Note 1	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)	Manufacturing	Marketing/ Procurement	Securities	Accounting and finance	Law	Marketing and sales	Production management	Business management	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	Bachelor’s from Management	V	V	V	V	V	V	V	V
Liao Pen-Tien	R.O.C.	Male	V	B		V	V				V	V	V	Bachelor’s from Technology	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, 2024

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. Director 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	None	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	None	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, 2023

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	26	26	15	15	0.12%	0.12%	3,796	3,796	0	0	34	0	34	0	11%	11%	None
Director	Hsiao Teng-Tang	0	0	0	0	26	26	15	15	0.12%	0.12%	0	0	0	0	0	0	0	0	0.12%	0.12%	None
Director	Liao Pen-Tien	0	0	0	0	26	26	15	15	0.12%	0.12%	2,630	2,630	0	0	22	0	22	0	7.63%	7.63%	2,730
Director	Hsu Min-Cheng	0	0	0	0	26	26	15	15	0.12%	0.12%	2,698	2,698	103	103	22	0	22	0	8.12%	8.12%	None
Director	Liao Yueh-Shiang	0	0	0	0	26	26	15	15	0.12%	0.12%	0	0	0	0	0	0	0	0	0.12%	0.12%	None
Independent Director	Hsu Ching-Tao	0	0	0	0	26	26	15	15	0.12%	0.12%	0	0	0	0	0	0	0	0	0.12%	0.12%	None
Independent Director	Chen Hsiang-Ning	0	0	0	0	26	26	15	15	0.12%	0.12%	0	0	0	0	0	0	0	0	0.12%	0.12%	None
Independent Director	Terry Chiang	0	0	0	0	26	26	15	15	0.12%	0.12%	0	0	0	0	34	0	34	0	0.12%	0.12%	None
Independent Director	Chiu Chuan-Tzu	0	0	0	0	26	26	15	15	0.11%	0.11%	0	0	0	0	0	0	0	0	0.11%	0.11%	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, 2023

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	1,787	1,787	34	0	34	0	10.86	10.86	None
President of the First Business Division	Hsu Min-Cheng	1,627	1,627	103	103	1,071	1,071	22	0	22	0	8.00	8.00	None
President of the Second Business Division	Liao Pen-Tien	1,540	1,540	0	0	1,090	1,090	22	0	22	0	7.53	7.53	2,730
Vice President of the Third Business Division	Tsai Huai-Jen	1,216	1,216	76	76	718	718	17	0	17	0	5.74	5.74	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, 2023

<table>
<tr><th></th><th>Title
(Note 1)</th><th>Name
(Note 1)</th><th>Share</th><th>Cash</th><th>Total</th><th>Total amount as a % of the net income after tax</th></tr>
<tr><td rowspan="6">Manager</td><td>CEO</td><td>Liao Pen-Lin</td><td rowspan="6">0</td><td rowspan="6">105</td><td rowspan="6">105</td><td rowspan="6">0.3</td></tr>
<tr><td>President of the First Business Division</td><td>Hsu Min-Cheng</td></tr>
<tr><td>President of the Second Business Division</td><td>Liao Pen-Tien</td></tr>
<tr><td>Vice President of the Third Business Division</td><td>Tsai Huai-Jen</td></tr>
<tr><td>Chief Accounting Officer</td><td>Tsai Ti-Yi</td></tr>
<tr><td>Chief Finance Officer</td><td>Chiang Yu Chang</td></tr>
</table>

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. 11220384295 dated April 10, 2023, 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; %

Item	The Company				The Group			
	Total remuneration	Total remuneration as a percentage of net income after tax	Total remuneration	Total remuneration as a percentage of net income after tax	Total remuneration	Total remuneration as a percentage of net income after tax	Total remuneration	Total remuneration as a percentage of net income after tax
Title	2023		2022		2023		2022	
Director	368	1.04%	4,340	2.59%	368	1.04%	4,340	2.59%
President and Vice Presidents	11,333	32.12%	15,134	9.01%	11,333	32.12%	15,134	9.01%
Net income after tax	35,280		167,822		35,280		167,822	

Details: The decrease in director's remuneration is due to a decrease in pre-tax net profit, resulting in a reduction in director's remuneration as provided for in the company's articles of association.

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 2023 directors' remuneration, amounting to NT$233 thousand, and honoraria for attendance at board meetings, amount to NT$135 thousand, totaling NT$368 thousand, as resolved by the Board of Directors.

2. 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.

3. 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 2023 was reviewed by the Remuneration Committee and then approved by the Board of Directors.

4. 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 five meetings during 2023, 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	5	-	100	
Director	Hsiao Teng-Tang	5	-	100	
Director	Liao Pen-Tien	5	-	100	
Director	Liao Yueh-Shiang	5	-	100	
Director	Hsu Min-Cheng	5	-	100	
Independent director	Hsu Ching-Tao	5	-	100	
Independent director	Chen Hsiang-Ning	5	-	100	
Independent director	Terry Chiang	5	-	100	
Independent director	Chiu Chuan Tzu	5	-	100	

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
2023/03/08 (1st meeting in 2023)	Financial statements for 2022.	Approved by all independent directors
	Amendment to the “13900 Internal Audit Implementation Regulations.”	
	Amendment to the “13920 The Procedures for Internal Control Self-Assessment .”	
	Amendment to the “13943 Regulations for Board of Directors’ Performance Evaluation for Year 2022."	
	The Company’s Statement of the Internal Control System for Year 2022.	
2023/05/03 (2nd meeting in 2023)	Financial statement for 1st quarter of 2023	
	The Appointment of Corporate Governance Officer in Our Company	
	Proposal for the Additional of “13945 the Review Procedure for Pre-Approved Non-Assurance Services Provided by CPA for Company"	
	Funding Loan Case from Neocene techonology (Anhui) Co.Ltd. to ECE Anhui Co., Ltd.	
2023/08/03 (3rd meeting in 2023)	Financial statement for 2nd quarter for 2023	
2023/11/02 (4th meeting in 2023)	Financial statement for 3rdquarter for 2023	
2023/12/20 (5th meeting in 2023)	Appointment for the Financial Statement Audit of 2024	

(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 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 four committees are formed entirely by 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, 2023 through December 31, 2023	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 24 and was reported to the Board of Directors on March 6, 2024.

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.
2023 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; 42 evaluation indicators were rated "Strongly agree (5)". 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	5.00 points
B. Improvement to the decision-making quality of the Board	12 indicators	5.00 points
C. Board composition and structure	7 indicators	5.00 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	4.99 points
D. Internal relations management and communication	3 indicators	4.97 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; 22evaluation indicators were rated "Strongly agree (5)". 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	5.00 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; 19 evaluation indicators were rated "Strongly agree (5)". 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	5.00 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 five 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	5	-	100	
Independent director	Terry Chiang	5	-	100	
Independent director	Chen Hsiang-Ning	5	-	100	
Independent director	Chiu Chuan Tzu	5	-	100	

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
5th meeting of 3rd term	2023/03/08	Business Report, financial statements, and consolidated financial statements in 2022.	Approved by all Audit Committee members
		Surplus distribution case in 2022.	
		Statement of Internal Control System in 2022	
		Amendment to the "13900 Internal Audit Implementation Regulations."	
		Amendment to "13920 the Internal Control Self-Assessment Procedures Amendment."	
		Amendment to the "13943 Regulations for Board of Directors Performance Evaluation."	
6th meeting of 3rd term	2023/05/03	Financial statement for 1st Quarter of 2023.	
		Proposal for the Additional of "13945 the Review Procedure for Pre-Approved Non-Assurance Services Provided by CPA for Company."	
		Pre-Approval for Possible Non-Assurance Services to be Provided by Deloitte Taiwan for the Company and its Subsidiaries in 2023.	
7th meeting of 3rd term	2023/08/03	Financial statement for 2nd Quarter for 2023.	
8th meeting of 3rd term	2023/11/02	Financial statement for 3rd Quarter for 2023.	
9th meeting of 3rd term	2023/12/20	2024 Internal Audit program for 2024.	
		Pre-Approval for Possible Non-Assurance Services to be Provided by Deloitte Taiwan for the Company and its Subsidiaries in 2024.	
		Appointment of the Financial Statements Audit for 2024.	

(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 and 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 Q2 and Q4 of financial statements in 2023 to independent directors and the chief internal auditor on August 3, 2023, and March 6, 2024.

(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 10–14 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 24 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		On May 3, 2023, the Board of Directors of our company passed a resolution to	No major difference

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	
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)?			appoint Ms. Tsai Ti-Yi, Manager of the Finance Department, as the Corporate Governance Officer. Ms. Tsai will be responsible for corporate governance-related matters, with supervision provided by the Chairman of the Board of Directors.	
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 2023 annual financial statements on March 6, 2024 and completed the filing of the financial statements for 2023 Q1, Q2, and Q3 at the end of the next month, 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 29 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	2023/11/18	2023/11/18	Commerce Development Research Institute	Corporate Governance and Corporate Sustainability Workshop	3	6.0
		2023/07/15	2023/07/15	Commerce Development Research Institute	Corporate Governance and Corporate Sustainability Workshop	3	
Independent director	Terry Chiang	2023/07/20	2023/07/20	Taipei Exchange	Taipei Exchange Family ESG Sharing Session	3	6.0
		2023/07/15	2023/07/15	Commerce Development Research Institute	Corporate Governance and Corporate Sustainability Workshop	3	
Director	Liao Pen-Tien	2023/07/13	2023/07/13	Taiwan Stock Exchange	Listed and OTC Companies Sustainable Development Action Plan Advocacy Meeting	3	6.0
		2023/05/26	2023/05/26	Environmental Protection Administration, Executive Yuan	Green Chemistry: Co-creating Sustainability	3	
Director	Liao Yueh-Shiang	2023/12/22	2023/12/22	Securities and Futures Institute	Key Points for Directors, Supervisors, and Senior Executives of Listed and OTC Companies to Note Regarding Regulatory Authorities	3	6.0
		2023/08/03	2023/08/03	Taiwan Corporate Governance Association	Obligations and Responsibilities of Companies and Directors/Supervisors under the Securities and Exchange Act	3	
Director	Hsu Min-Cheng	2023/11/15	2023/11/15	Securities and Futures Institute	Internal Insider Trading Compliance Briefing for 2023	3	6.0
		2023/05/23	2023/05/23	Taiwan Stock Exchange	Advocacy Meeting on Sustainable Development Action Plan for Listed Companies	3	
Independent director	Chen Hsiang-Ning	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	6.0
Director	Hsiao Teng-Tang	2023/10/27	2023/10/27	Taiwan Corporate Governance Association	Family Charter and Family Office	3	6.0
		2023/10/20	2023/10/20	Securities and Futures Institute	Insider Trading Prevention Advocacy Meeting for 2023	3	
Independent director	Hsu Ching-Tao	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	9.0
		2023/05/10	2023/05/10	Taiwan Corporate Governance Association	Analyzing Tax Strategies for Mainland China's Supply Chain Transformation	3	
Independent director	Chiu Chuan-Tzu	2023/03/17	2023/03/17	Securities and Futures Institute	Legal Risks and Responses for Directors and Supervisors from Major Corporate Scandals	3	6.0
		2023/03/15	2023/03/15	Taiwan Academy of Banking and Finance	Corporate Governance Series Forum	3	

(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**

As for December 31st, 2023

Title	Criteria / Name	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 3 meetings (A) in 2023. 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	3	-	100	
Member	Terry Chiang	3	-	100	
Member	Chen Hsiang-Ning	3	-	100	
Member	Chiu Chuan-Tzu	3	-	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 4th Meeting of the 5th term	2023/05/03	1. Detailed Statement of Director Remuneration Disbursement for 2022.	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result
		2. 2022 Manager's renumeration payment details.	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result
		3. Details of Manager Performance Bonus Payment for Januarary to April, 2023	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result
The 5th Meeting of the 5th term	2023/11/02	Manager performance bonus payment details for May to August, 2023.	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result
The 6th Meeting of the 5th term	2023/12/20	1. 2023 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. Details of Manager Performance Bonus Payment for September to December, 2023.	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result
		3. 2023 Employee Compensation and Director Compensation Contribution Proposal.	Passed by all present members as proposed without objection after the chair consulted them.	Executed as per the resolution result

(V) The promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies for TWSE/TPEx Listed Companies and the reasons therefor

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 for TWSE/TPEx Listed Companies and the reasons therefor
	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 top sustainable development decision-making center chaired by the CEO and supported by a secretariat. It is divided into five working groups: corporate governance / council 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 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 top sustainable development decision-making center chaired by the CEO and supported by a secretariat. It is divided into five working groups: corporate governance / council 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 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 20, 2023.	
	Yes		3. Specify the board's supervision of sustainable development: The Company's sustainable development policy was discussed by the Board of Directors on December 20, 2023. 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 Companies for TWSE/TPEx Listed Companies
II. Does the company conduct risk	Yes		1. Specify the risk assessment boundaries:	No difference from Article 3 of the

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 for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the company formulated relevant risk management policies or strategies?			(1) The disclosure covers the Company's sustainable development performance at its main locations from January to December 2023. The risk assessment boundaries are mainly formed within the Company, including all existing sites in Taiwan. (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.	Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies for TWSE/TPEx Listed Companies
	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 for TWSE/TPEx Listed Companies
	Yes		2. To achieve environmental performance targets and make continuous improvements, we have established a comprehensive environmental management system in accordance with the characteristics of the electronic components industry and our operational needs. We have obtained ISO 14001 environmental certification. Procedures for managing wastewater, emissions, and waste in the production process have been established, and relevant treatment equipment has been installed in compliance with regulations.	
(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 system with a capacity of 310.53 kw , generating 380,966 kWh of electricity annually; reducing carbon dioxide emissions by 188.58 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?			We have assessed the impact of climate change on the enterprise, which includes rising costs and risks to employee health and safety, ultimately affecting company operations. In addition to actively promoting energy conservation and carbon reduction measures, such as installing solar energy generation equipment and implementing energy management to reduce energy consumption, we are also actively reducing material waste, improving product yield, and caring for employee health. We are proactively preventing infectious diseases to ensure the normal operation of the company.	

<table>
<tr><td rowspan="2">The promotion of Item</td><td colspan="3">The promotion of Implementation (Note 1)</td><td rowspan="2">Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies for TWSE/TPEx Listed Companies and the reasons therefor</td></tr>
<tr><td>Yes</td><td>No</td><td>Brief description</td></tr>
<tr><td rowspan="3">(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 reduction, water consumption reduction, or other waste management?</td><td>Yes</td><td></td><td>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:
<table>
<tr><td>Year</td><td>2022</td><td>2023</td><td>Units</td></tr>
<tr><td>Greenhouse gas emissions CO2 equivalent</td><td>4,031</td><td>3,617</td><td>metric ton</td></tr>
<tr><td>Water consumption</td><td>73,750</td><td>45,646</td><td>1000 L</td></tr>
<tr><td>Non-hazardous waste</td><td>90</td><td>90</td><td>metric ton</td></tr>
<tr><td>Hazardous waste - Sludge</td><td>12.255</td><td>11.25</td><td>metric ton</td></tr>
<tr><td>Hazardous waste - Waste oil</td><td>2.21</td><td>2.71</td><td>metric ton</td></tr>
</table></td><td rowspan="3"></td></tr>
<tr><td>Yes</td><td></td><td>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
(1) The statistical results of the greenhouse gas inventory for 2023 indicate that the total carbon emissions in Taiwan amounted to 3,617 metric tons. Within this total, Category 1 emissions were 208 metric tons, accounting for 5.7552% of the total, while Category 2 emissions were 3,409 metric tons, constituting 94.2448% of the total. It is evident that Category 2 emissions represent the bulk of greenhouse gas emissions at present.
(2) As Category 2 includes items such as electricity, steam, and heat, and since our company does not utilize steam or heat, electricity remains the primary source within Category 2. Therefore, our company sets energy conservation and carbon reduction as environmental goals, aiming to reduce unnecessary electricity wastage.</td></tr>
<tr><td>Yes</td><td></td><td>3. Specify the information on each verification:
(1) The factory's air conditioning system is ice storage type, resulting in electricity savings.
(2) The air conditioning temperature is maintained at no lower than 25 degrees Celsius (except for specific processes).
(3) Air conditioning vents and return air grilles are cleaned regularly.
(4) Lights and air conditioning are turned off when not in use, with stickers indicating this practice.
(5) Regular cleaning of the air conditioning cooling tower to prevent high-pressure trips in the main unit.
(6) Periodic inspection of the water level in the air conditioning cooling tower to prevent water overflow.
(7) Each unit is responsible for its area to conserve energy and prevent wastage.
(8) Computer screens are set to activate screen saver mode.</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 for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			(9) Photocopiers are equipped with automatic power-saving devices. (10) Use of energy-efficient light tubes/bulbs. (11) Differentiation of air volume/ice water temperature management between summer and winter to improve air conditioning ice storage rates and switch labeling. (12) Encouragement of creative proposals for improvement. (13) Advocacy or discussion through weekly meetings, executive meetings, and unit meetings. (14) Environmental protection through green electricity, including the establishment of solar power generation systems.	
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?			1. 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		2. Specify employee benefit measures: (1) 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. (2) In 2023, female executives accounted for 11% of the total senior management staff, while female employees constituted 59% of the entire workforce. (3) 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. (4) 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	No difference from Articles 18–22 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 for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			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.	
	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 2023, there were 19 employees/cases of occupational accidents, accounting for 3% of the total number of 632 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.	
	Yes		4. To enhance employees' awareness and abilities regarding occupational safety, regular fire drills and emergency response exercises are conducted within the factory premises. An emergency response team has also been established to ensure that employees can take correct evacuation and rescue measures in case of emergencies, thus safeguarding their own safety and reducing company disaster losses. In 2023, a total of 6 fire drills and 5 emergency response exercises and briefings (including dormitories) were conducted. There were no fire incidents reported this year.	
(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 from Articles 18–22 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 for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(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?	Yes		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: Customer Health and Safety 1. Complying with the requirements of IECQ 080000, we have established a GP management system to coordinate the business of various departments and have documented it clearly to enhance effectiveness and align with customer needs. 2. We conduct quarterly checks to ascertain whether standards such as RoHS/REACH/SONY SS-00259 have been updated or if we have received any related customer-specific specifications. In such cases, we initiate investigations, including communication with raw material suppliers, provide relevant testing reports, and ensure compliance with regulatory requirements and customer needs.	No difference from Articles 22-1 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
			Customer privacy All agreements related to customers, which regulate or involve data including but not limited to correspondence documents, contracts, drawings, or information related to production, development design, quotations, customer lists, etc., and where customers expressly require the company to handle such documents as confidential, shall be managed and protected according to the Company's Customer Data Protection Management System to ensure the management and protection of customer privacy.	No difference from Articles 22-1 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
			Product marketing and labeling We strictly comply with the government's and the product certification units' applicable laws and regulations; at the same time, in accordance with customer requirements, internal product packaging standards and labeling are established, and during the process of product sales or exhibitions, consumer and customer rights policies and complaint procedures are implemented in accordance with local government or platform regulations.	
			Consumer and Customer Rights Policy and Complaint Procedures The company conducts regular customer satisfaction surveys annually, reaching out to all customers through questionnaire surveys. The surveys cover various aspects including quality, delivery time, pricing, technology, and overall impression, inviting valuable feedback. The collected and analyzed results serve as internal improvement projects, with effective strategies proposed and included as topics for annual management reviews. This ensures a concrete understanding of business strategies and the establishment of a comprehensive management model. Regarding consumer relations, the company has dedicated personnel for customer service, and the website features an investor relations section, providing channels for communication between consumers and investors.	
(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?	Yes		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	No difference from Articles 23–26 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies 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 for TWSE/TPEx Listed Companies and the reasons therefor
	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 2024 ESG Report in 2025 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 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				

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 for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
specified the differences between the implementation and the principles: None.				

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. This year, we participated in the North Dike No. 9 Wind Turbine Beach Cleanup event and collaborated with the Taiwan Blind Rebuilding Institute to lead visually impaired individuals to "see" the New "Vision" Tribe.

(3) The company has long been committed to the "Love Library" reading promotion project of the Taiwan Reading Culture Foundation, supporting campus and community reading initiatives. Since its establishment in 2006, the company has contributed to the foundation's registration with the Ministry of Culture. Through continuous involvement, as of 2023, we have supported the establishment and renovation of 15 "Love Libraries" across various counties and cities, purchasing 441 boxes of communal reading materials, totaling nearly 15,000 books. These books are available for teachers promoting reading on the foundation's platform for public borrowing, fostering classroom reading with nearly 100,000 readers. We supported Nan Tun Elementary School in establishing a "Digital Love Library" and sponsored the "Love Library Charity Concert," providing tickets to support campus reading and concerts in rural areas, totaling 7 events from 2014 to 2020. Since 2013, employees have responded with small donations, accumulating nearly NT$40,000 through coin boxes. In total, these projects have received funding totaling NT$6,597,866.

(4) Actively engaging in industry-academia collaboration with vocational and technical schools, we provide internship positions for students and pass on practical experience, fulfilling our educational mission to cultivate students into technically skilled professionals with both theoretical knowledge and practical abilities. We also provide comfortable dormitories for students from remote areas.
High School Collaboration: We have collaborated with Taichung Industrial High School, Dajia High School, Qingnian High School, Hwa Der Vocational High School, and Tzu Ming High School, with a total of 93 students interning at the factory from first to third year.University Collaboration: We have partnered with National Taichung University of Science and Technology, Providence University, and Shu-Te University for joint industry-academia projects and internship cooperation with fourth-year students, with a total of 33 students interning at the factory from first to fourth year.

(5) Industry-Academia Collaboration Student Education and Training Program: The Bai Rong Academy curriculum includes 13 courses on manufacturing capabilities, quality assurance capabilities, research and development capabilities, and information capabilities. We emphasize diversified development for students, providing opportunities for them to accumulate professional knowledge, apply what they have learned, and facilitate adaptation to the workplace and student exchanges.

(6) Jointly with the Taichung Outstanding Persons Association, we have organized blood donation activities and participated in blood donation activities organized by the Taichung Blood Donation Center, donating a total of 32 bags of blood.

(7) Participating in the "Good Air Nurtures Farmland" campaign initiated by the Chinese International Native Restoration Association and jointly sponsoring the "National Innovation and Entrepreneurship Association" to support farmers in the recycling and utilization of agricultural waste on-site, replacing the burning of straw. Burning one ton of straw emits 9 tons of CO_2, reducing carbon emissions caused by straw burning and air pollution.

(8) Sponsoring the "Warm Heart Charity" event organized by Economic Daily News in 2023, focusing on "Post-pandemic Reunion for Happiness" and "Care for Vulnerable Groups in Remote Areas."

(9) Promoting employee health, we have organized the following activities: "Ten Thousand Steps a Day" walking event, Healthy Meal Collection, participation in the "Shu Run Cup" in Taichung City, Sports Pose Photography, and lectures on tobacco, alcohol, and betel nut prevention. The company has obtained the Healthy Workplace Certification.

(10) To prevent seasonal influenza, the company fully subsidizes annual flu vaccinations for employees, achieving a vaccination rate of 76%.

Note 1: If "Yes" is checked for Operations, please specify the important policies, strategies, and measures adopted, and the implementation situation; if "No" is checked, please specify the circumstances and reasons for the differences as well as plans to adopt relevant policies, strategies, and measures in the future in the column of “Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies for TWSE/TPEx Listed Companies and the reasons therefor”.

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

Note 3: Please refer to the examples of best practice principles on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

(VI) The Company's implementation of ethical management and any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons therefor:

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? (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? (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 Yes 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. (II) The Company has formulated Article 7 of the Ethical Corporate Management Best Practice Principles. (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.	(I) No major difference from Article 1 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. (II) No major difference from Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. (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?			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 20, 2023.	(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 2023 for a total of 114 hours. We offered a total of 101.5 hours of internal training courses to regular employees and a total of 289 person-hours of external managerial training courses, including the courses on Lean manufacturing, Strategic Sales, SPC(Statistical process control) quality management, and Sustainable Business Development Strategy to 38 managers and supervisors. Upholding Respect for Others' Intellectual Property Rights and Integration into the Business Community, the company schedule 3-hour workshop on November 14th, 2023 for Patent Interpretation and Avoidance: Upholding Intellectual Property Rights and Ethical Business Practices to Deepen Employees' Understanding of the Essence of "Code of Integrity in Business Operations" 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 62 new employees received education and training on ethical management during 2023.	(V) No major difference from Article 22 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	
III. Implementation of the Company's whistleblowing system (I) Has the company formulated a specific whistleblowing and reward system, established a 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?	Yes Yes 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 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.	No major difference from Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
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?	Yes		We have disclosed the Ethical Corporate Management Best Practice Principles on the Company's website.	No major difference from Article 25 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
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.				
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				

(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	2023/11/18	2023/11/18	Commerce Development Research Institute	Corporate Governance and Corporate Sustainability Workshop	3	6.0
		2023/07/15	2023/07/15	Commerce Development Research Institute	Corporate Governance and Corporate Sustainability Workshop	3	
President of the First Business Division	Hsu Min-Cheng	2023/05/23	2023/05/23	Taiwan Stock Exchange	Promotion Conference on Sustainable Development Action Plans for Listed Companies and Over-the-Counter Companies	3	3.0
President of the Second Business Division	Liao Pen-Tien	2023/07/13	2023/07/13	Taiwan Stock Exchange	Promotion Conference on Sustainable Development Action Plans for Listed Companies and Over-the-Counter Companies	3	6.0
		2023/05/26	2023/05/26	Environmental Protection Administration of the Executive Yuan	Collaborative Sustainability in Green Chemistry	3	
Vice President of the Third Business Division	Tsai Huai-Jen	2023/10/05	2023/10/06	BellCERT International Inspection and Certfication Group	Sustainability Report and Carbon Management Practitioner Training Course	12	24.0
		2023/10/12	2023/10/13	BellCERT International Inspection and Certfication Group	Sustainability Report and Carbon Management Practitioner Training Course	12	

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 43.
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 6, 2024

The Company's internal control system for **2023** 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, 2023, 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 6, 2024. 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	2023.05.31	1. Ratification of the Business Report, financial statements, and consolidated financial statements in 2022. (Proposed by the Board of Directors)	Voting results: Vote for: 60,441,648 votes (of which 59,054,406 votes were cast by electronic means); vote against: 11,061votes (of which 11,061votes were cast by electronic means); abstentions: 344,681 votes (of which 344,681 votes were cast by electronic means). As the number of votes for exceeded that required by law, the proposal was adopted as proposed.	Executed as per the resolution result
		2. Ratification of the the Surplus Distribution case in 2022. (Proposed by the Board of Directors)	Voting results: Vote for 60,435,848votes (of which 59,048,606 votes were cast by electronic means); vote against: 21,861 votes (of which 21,861 votes were cast by electronic means); abstentions: 339,681 votes (of which 339,681 votes were cast by electronic means). As the number of votes for exceeded that required by law, the proposal was adopted as proposed.	As per the resolution result, cash dividends were paid out on May 4, 2023 (cash dividend of NT$0.6 per share).

2. Board of Directors:

Type of meeting	Date	Major resolutions	Resolution results	Status of implementation
1st meeting in 2023	2023/03/08	1. Discussion on the proposal for the distribution of employee remuneration and the directors and supervisors' remuneration in 2022.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result and reported to the 2023 general shareholders' meeting.
		2. Discussion on the Business Report, financial statements, and consolidated financial statements in 2022.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result and submitted to the 2023 general shareholders' meeting for ratification.
		3. Discussion on the Surplus Distribution case in 2022.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result and submitted to the 2023 general shareholders' meeting for ratification.
		4. Discussion on investment plan for undistributed earnings for 2022.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		5. Discussion on the distribution of cash dividends from the capital surplus.	Passed by all present directors as proposed without objection after the chair consulted them	Executed as per the resolution result and reported to the 2023 general shareholders' meeting.
		6. Establishment of the ex-dividend date.	Passed by all present directors as proposed without objection after the chair consulted them	Executed as per the resolution result and designate April 6th, 2023, as the ex-dividend date.
		7. Discussion on the bank financing quota.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		8. Discussion on the bank commitment letter.	Passed by all present directors as proposed without objection after the chair consulted them	Executed as per the resolution result.
		9. Amendment to the "13900 Internal Audit Implementation Regulations.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		10. Amendment to the "13920 The Internal Control Self-Assessment Procedures.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		11. Amendment of the "13943 Regulations for Board of Directors' Performance Evaluation.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		12. Statement of the internal control system for 2022.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		13. Discussion on the reasons for convening and the time and location of the Shareholders' Meeting for 2023.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result and scheduled to convene at 9:00 AM on May 31st, 2023.
		14. Handling matters related to proposals submitted by shareholders holding more than one percent of	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.

Type of meeting	Date	Major resolutions	Resolution results	Status of implementation
		shares.		
2nd meeting in 2023	2023/05/03	1. Review the financial statement Q1 of 2023	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		2. Review of the details of the distribution of directors' remuneration in 2022.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		3. Review the details of the distribution of employee remuneration to managers in 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 as per the resolution result.
		4. Discussion on the details of the distribution of the performance bonuses to managers from January through April 2023.	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 as per the resolution result.
		5. Appointment Proposal for Director of Corporate Governance.	When discussing and voting on this proposal, Finance Manager, Tsai Ti-Yi, recused herself from the meeting; director Hsu Ching-Tao as the chair consulted the remaining directors present, who passed this proposal without objection as proposed.	Executed as per the resolution result.
		6. Proposal for the additional of “13945 the Review Procedure for Pre-Approved Non-Assurance Services Provided by CPA for Company.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		7. Funding Loan Case from Neocene techonology (Anhui) Co.Ltd. to ECE Anhui Co., Ltd.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
3rd meeting in 2023	2023/08/03	1. Review the financial statement for Q2 of 2023	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
4th meeting in 2023	2023/11/02	1. Discussion on the details of the distribution of the performance bonuses to managers from May through August 2023.	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 as per the resolution result.
		2. Review the financial statement for Q3 of 2023	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
5th meeting in 2023	2023/12/20	1.Operationa Proposal for 2024	Passed by all present directors as proposed without objection after the chair consulted them	Executed as per the resolution result.
		2. Proposal for the Distribution of Year-End Bonus for managers of 2023.	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 as per the resolution result.
		3. Discussion on the details of the distribution of the performance bonuses to managers from September through December 2023.	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 as per the resolution result.
		4. Distribution proposal for Employee Compensation and Director Remuneration for 2024.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		5. Internal Audit Program for 2024.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.
		6. Appointment of the Financial Statements Audit for 2024.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.

Type of meeting	Date	Major resolutions	Resolution results	Status of implementation
		7. Proposal for Cash Reduction of USD 3 Million and Repatriation of Funds to the Parent Company for FULLTRON INVESTMENTS LIMITED and ECE (Suzhou) Co., Ltd.	Passed by all present directors as proposed without objection after the chair consulted them.	Executed as per the resolution result.

(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) A summary of the resignation and dismissal of the Company’s Chairman, President, chief accounting officer, chief financial officer, chief internal auditor, or R&D officer during the most recent year: None.

April 2, 2024

Title	Name	Date elected	Date Terminated	Reasons for resignation or termination
Corporate Governance Officer	Ms. Tsai Ti-Yi	2023.05.03		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	2023.01.01-12.31	

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	2023.01.01-12.31	3,140	402	3,542	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 20, 2023, 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

Date of replacement	2024.03.06		
Reason for replacement	Due to Deloitte & Touche’s internal adjustment, starting from the first quarter of 2024, the Company's financial statement CPAs Su Ting-Chien and Tai Hsin-Wei were replaced with Su Ting-Chien and Jiang Shu-Ching.		
Client’s termination of or CPA’s refusal to the appointment	Party concerned / Situation	CPA	Client
	Termination of the appointment	N/A	Not available
	Refusal to the (continuous) appointment	Not available	N/A
The opinion of the audit report other than the unqualified opinion issued within the latest two years and the reasons	N/A		
Different opinions from the issuer’s opinions	Yes		Accounting principles or practices
	Yes		Disclosures in financial statements
	Yes		Auditing scope or steps
	Yes		Others
	None		
	N/A		
Other matters to be disclosed (matters that should be disclosed under Article 10, subparagraph 6, items 1-4–1-7 of the Regulations)	None		

(II) Successors

Name of accounting firm	Deloitte & Touche
Name of CPA	Su Ting-Chien and Jiang Shu-Ching
Date of appointment	2024.03.06
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	2023		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, 2024

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.	8,995,682	8.25%	-	-	-	-	-	-	
Person in charge: Liao Yi-Kuan	1,918,515	1.76%	-	-	-	-	Liao Pen-Lin Chen Kuei-Hsiang	Father Mother	
Liao Pen-Lin	7,339,548	6.73%	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	373,513	0.34%	-	-	-	-	-	-	
Pai Ho Investment Co.,Ltd.	4,240,014	3.89%	6,745,729	6.18%	-	-	-	-	
Person in charge: Liao Yi-Mien	743,129	0.68%	-	-	-	-	-	-	
Pai Chin-Yi	4,206,001	3.86%					Hsiao Teng-Tang	Couple	
Chen Kuei-Hsiang	3,642,450	3.34%	7,339,548	6.72%	-	-	Liao Pen-Lin Liao Yi-Kuan	Couple Child	
Liao Yi-Kuan	1,918,515	1.76%	-	-	-	-	Liao Pen-Lin Chen Kuei-Hsiang	Father Mother	
Chang Hung-Hao	1,676,244	1.54%					-	-	
Wang Fen-zhi	1,627,000	1.49%	-	-	-	-	-	-	

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, 2023

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%	278,767	1%	9,323,173	25%
Fengchuang Investment Co., Ltd. (Samoa)	11,650,000	100%	-	-	11,650,000	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, 2024

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, 2024

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, 2024

Shareholder structure / Quantity	Government agencies	Financial institutions	Other juridical persons	Natural persons	Foreign institutions and natural persons	Total
Number of persons	-	3	22	7,162	31	7,218
Increase (Decrease) in Shares Held	-	10,000	21,295,396	87,042,961	745,450	109,093,807
Shareholding	-	0.01	19.52	79.79	0.68	100

(III) Equity dispersion

Par value of NT$ ten per share April 2, 2024

Shareholding range	Number of shareholders	Number of shares held	Shareholding %
1–999	1,703	278,786	0.26
1,000–5,000	4,089	8,431,705	7.73
5,001–10,000	683	5,572,115	5.11
10,001–15,000	190	2,462,722	2.26
15,001–20,000	139	2,592,665	2.38
20,001–30,000	122	3,164,649	2.90
30,001–40,000	72	2,587,997	2.37
40,001–50,000	50	2,304,426	2.11
50,001–100,000	81	5,788,556	5.31
100,001–200,000	35	4,772,068	4.37
200,001–400,000	24	6,725,511	6.16
400,001–600,000	6	2,766,644	2.54
600,001–800,000	2	1,408,129	1.29
800,001–1,000,000	3	2,705,919	2.48
More than 1,000,001 (can be further divided depending on the situation)	19	57,531,915	52.73
Total	7,218	109,093,807	100.00

(IV) List of major shareholders

April 2, 2024

Shares / Names of major shareholders	Number of shares held	Shareholding %
Guangna Investment Co., Ltd.	8,995,682	8.25%
Liao Pen-Lin	7,339,548	6.73%
Hsiao Teng-Tang	6,745,729	6.18%
Guangda Investment Co., Ltd.	5,503,403	5.04%
Pai Ho Investment Co.,Ltd.	4,240,014	3.47%
Pai Chin-Yi	4,206,001	3.89%
Chen Kuei-Hsiang	3,642,450	3.34%
Liao Yi-Kuan	1,918,515	1.76%
Chang Hung-Kai	1,676,244	1.53%
Wang Fen-zhi	1,627,000	1.49%

(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			2023	2022	Current year up to March 31, 2024 (Note 8)
Market price per share (Note 1)	Highest		29.40	32.80	24.50
	Lowest		23.20	21.90	22.60
	Average		25.42	24.88	23.55
Net asset value per share (Note 2)	Before distribution		23.11	23.88	23.16
	After distribution		22.81	22.88	23.16
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)		0.32	1.54	0.12
Dividends per share	Cash dividends		0.3	1	—
	Stock dividends	—	—	—	—
		—	—	—	—
	Cumulative unpaid dividends (Note 4)		-	-	—
Analysis of return on investment	Price to earnings ratio (before adjustment) (Note 5)		79.44	16.16	—
	Price to earnings ratio (after adjustment)		79.44	16.16	—
	Price-dividends ratio (Note 6)		84.73	24.88	—
	Cash dividend yield (Note 7)		1.18	4.02	—

*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 2023 cash dividends were approved by the supermajority resolution of the Board of Directors on March 06, 2024. It was proposed to pay out cash dividends at NT$0.3 per share, and the ex-dividend record date was April 6, 2024 and the payout was completed on May 2, 2023 and reported to the general shareholders' meeting on May 31, 2024.

(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 2023 employee remuneration amounted NT$465 thousand and the directors’ and supervisors' remuneration amounted to NT$233 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 6, 2024.

3. The distribution of remuneration approved by the Board of Directors: We proposed to pay out NT$465 thousand for employee remuneration and NT$233 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$0.32. 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$8,302 thousand in cash for employee remuneration and NT$4,151 thousand for

directors' and supervisors' remuneration for 2022, 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 transferred 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	2022		2023		January–March 2024	
	Amount (in NTD thousands)	Percentage	Amount (in NTD thousands)	Percentage	Amount (in NTD thousands)	Percentage
Semiconductor	902,725	41%	697,240	39%	185,905	44%
Electronic components	752,804	34%	610,900	34%	135,446	32%
Relays	260,127	11%	217,702	12%	43,893	11%
Stepping motors	309,939	14%	270,610	15%	53,869	13%
Total	2,225,595	100%	1,796,452	100%	419,113	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. Development of lead frames for New Energy Vehicle Power Modules.
      B. Development of high-power lead frames for automotive market.
      C. Development of heat spreaders for AI computing modules.
      D. Expansion of automation equipment for stamping production lines.

(2) Electronic components

A. Research and develop terminal blocks (screwless type) series, pushbutton switches, rotary switches, and micro switches suitable for future smart industry/automotive/lighting/industrial electronic/electric tool applications, and promote their development.

B. Develop high-current specification multi-pitch terminal blocks (screwless type) for use in industrial electromechanical equipment.

C. Develop compact, high shock-resistant trigger switches (integrated Hall element sensing type) series for precision high-vibration hand tools.

D. Develop industrial control switch miniature (Miniature type) switch series.

E. Develop industrial control miniature (Miniature type) quick-release safety lock-attached switch socket series.

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. Develop silicon carbide opto-coupler relays to meet high-voltage specification requirements.

(3) Stepping motors

A. Develop servo motor control circuits and software.

B. Sample and introduce clock module motors and mechanism into mass production.

C. Continue development of stepper motors for medical use.

D. Research and develop expansion valve bodies and coil modules.

(II) Industry overview

1. The situation and development trends of the industry:

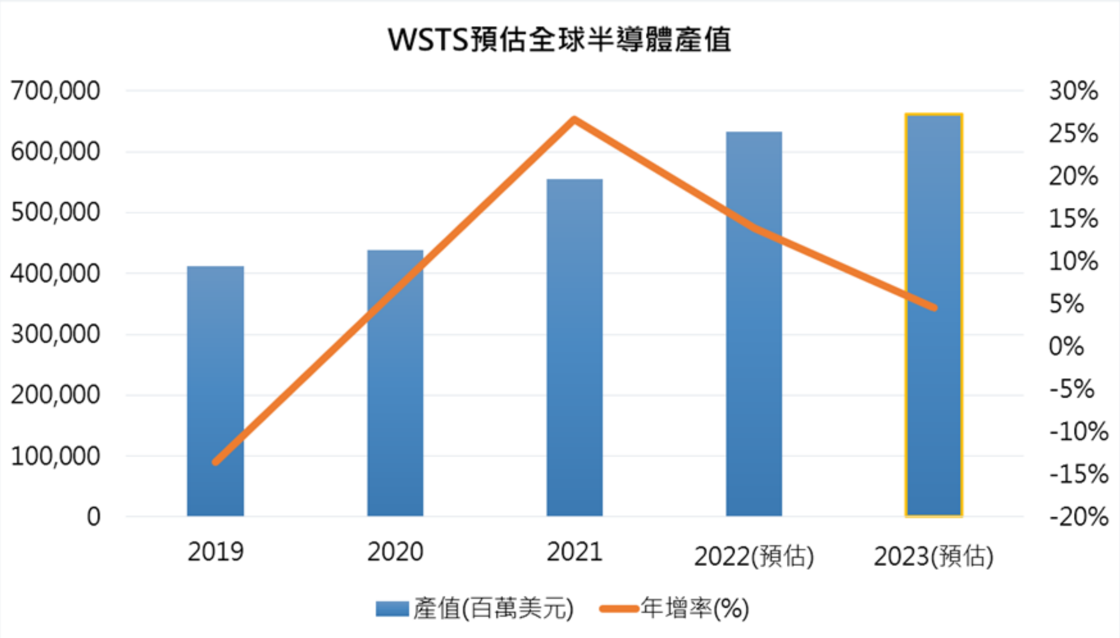
(1) DIP switches, relays, and terminal blocks: They are mechanical components in electronic components and mainly used in the electronic and the communications industries and information products. In the early 1980s, the electronics industry grew rapidly, and DIP switches, relays, and terminal blocks 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 end 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 shortened life time due to overheating in the future development of 3C electronic products with smaller size and greater efficiency. The end products are used in the fields of high-speed computing servers, base stations, automotive electronics, 3C products, PCs and industrial computers.

According to the World Semiconductor Trade Statistics (WSTS), the global semiconductor revenue is forecasted to reach approximately US$520 billion in 2023, representing a decline of 9.4% compared to the previous year. The European market is expected to grow by 5.9%, while the American market is forecasted to decline by 6.1%, Japan by 2%, and the Asia-Pacific region by 14.4%. For 2024, the global semiconductor market is anticipated to experience strong growth, with total revenue estimated to reach $588 billion, an increase of approximately 13.1%. Memory semiconductor revenue is projected to grow by over 40%, serving as the main driver for semiconductor revenue growth. Sensors, analog ICs, logic ICs, and discrete ICs are also expected to experience single-digit growth rates. Expansion is expected across all markets in 2024, with the Americas and the Asia-Pacific region projected to witness double-digit year-on-year growth.



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:

In 2023, due to the unfavorable global economic situation, sales momentum in the consumer electronics and industrial control markets significantly declined. Additionally, the global automotive sales momentum slowed down, leading the semiconductor industry into a phase of inventory adjustment. As a result, the overall performance of the manufacturing industry in our country showed a general trend of decline.

(2) Future outlook:

Looking ahead, the pressure of semiconductor inventory adjustment is expected to gradually alleviate. Demand in consumer electronics, automotive, and industrial markets is expected to gradually recover. The demand for automotive, AI, 5G, low-orbit satellites, and other related applications is gradually increasing. Discrete devices will also bring new growth opportunities due to the increased demand for new automotive and industrial control products. Furthermore, as the inventory depletion of semiconductor supply chains for consumer electronics gradually concludes, the willingness of end customers to place orders is expected to strengthen. This will stimulate the capacity utilization rate of semiconductor packaging and testing companies, further driving the demand for lead frames. Therefore, it is anticipated that the manufacturing industry will show signs of improvement in 2024.

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 frames, 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. In light of the decreasing inventory levels in the supply chain of consumer electronics products and the continued increase in the penetration rate of the electric vehicle (EV)

market, it is anticipated that the business climate for discrete devices manufacturing in our country will improve in 2024.

(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

Year / Item	2022	2023	March 31, 2024
R&D expense	88,510	88,129	22,833
Consolidated net operating revenue	2,225,595	1,796,452	419,113
R&D expense as a % of revenue	4%	5%	5%

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

(1) Lead Frame for Semiconductor Industry

A. The lead frame for the power module of hybrid vehicles is officially in mass production.

B. The lead frame for automotive TVS components with new specifications is officially in mass production.

C. New lead frame for high-power automotive applications have entered the trial production stage.

D. Lead frame IC power modules are being sampled to new customers.

(2) Electronic components

A. Research and development, as well as promotion, of screwless-type terminal blocks, pushbutton switches, rotary coded switches, and micro switches tailored for future applications in the smart industry, automotive, lighting, industrial electronics, and electric hand tool sectors.

B. Development and deployment of relay-type terminal blocks with high voltage/high current specifications for use in industrial electromechanical equipment.

C. Development of compact, highly shock-resistant trigger switches (integrated Hall element sensing type) series for precision high-vibration hand tools.

D. Development of ultra-compact 25*35mm switch series for industrial control applications.

E. Development of ultra-compact quick-release safety lock-attached switch socket series for industrial control.

F. 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.

G. Futher implementation of automated production equipment for relays, while the second automatic line for GQ relay approved for mass production. Implementation a second automatic line for EMI relay, currently in the trial stage. Implement an automatic line~~s~~ for MIH relay to continue increasing production capacity.

H. Acquisition of production equipment for opto-coupler relays to enhance capacity, and has been approved for mass production~~.~~

(3) Stepping motors

A. Development of medical motor modules: Blood pressure monitor motors have entered mass production, while motors for blood analyzers are undergoing customer testing.

B. Completion of development for clock module motors and mechanisms.

C. Development of servo stepper motors, applied in motorized automation equipment, which have entered the stage of real-world testing and functional enhancement.

D. Development and sampling testing of motors for airborne applications.

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

3-1. Future R&D plans

(1) Lead Frame for Semiconductor Industry

A. Development of lead frames for New Energy Vehicle Power Modules.

B. Development of high-power lead frames for automotive market.

C. Development of heat spreaders for AI computing modules.

D. Expansion of automation equipment for stamping production lines.

(2) Electronic components

A. Research and development, as well as promotion, of terminal blocks (screwless type), push-button switches, rotary encoder switches, and microswitches tailored for future applications in smart industries, automotive, lighting, industrial electronics, and power tools.

B. Development of high-current, multi-pitch terminal blocks (screwless type) for use in industrial electromechanical equipment.

C. Development of compact, high-impact-resistant trigger switches for precision hand tools (integrated with Hall effect sensing technology).

D. Development of miniature-type industrial control switch blade series.

E. Development of industrial control light, miniature-type quick-release safety lock-attached switch socket series.

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. Development of silicon carbide optocouplers to meet high-voltage specifications.

(3) Stepping Motors

A. Development of servo motor control circuits and software.

B. Sampling and mass production introduction of clock module motors and mechanisms.

C. Ongoing development of stepper motors for medical applications.

D. Research and development of expansion valve bodies and coil modules.

3-2.111 Estimated R&D expenditure for new product planned to be developed for 2024

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.	16,000	2024.12.31	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 of stamping equipment. 2.Purchase automatic material-receiving equipment which used in our stamping production lines.	2,000	2023.12.31	
Electronic components			
11.Development of DIP switches, microswitches, and industrial control switches targeted towards smart industries, automotive, lighting, industrial applications, with enhanced composite performance and automation specifications. 2.Development of miniature-type industrial control switch series. 3.Development of light-weighted, miniature-type quick-release safety lock-attached industrial control switch with socket.	7,700	2024.12.31	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 ETB terminal blocks for applications in smart industries, automotive, lighting, industrial electronics, and industrial electromechanical equipment. 2.Research and development of high-current, multi-pitch terminal blocks (screwless type) for use in specifications of industrial electromechanical equipment. 3.Development of compact, high-impact-resistant trigger switches for precision hand tools (integrated with Hall effect sensing technology).	8,030	2024.12.31	
Developing ETR and EPR relays and purchasing automated production equipment.	33,400	2024.12.31	
Stepping motors			
1. Development of expansion valve modules. 2. Development of servo stepper motor control circuits and software. 3. Development of stepper motors for medical applications.	5,000	2024.12.31	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:

A. Develop the emerging markets in ASEAN countries, plan to expand sales networks through online platforms and e-commerce systems, and execute comprehensive product line promotions. Focus on differentiated products such as semiconductor relays and solid-state relays, targeting markets in industrial automation, household appliances, and EV.

B. Develop markets such as PSU/PDU, green energy, electric vehicles, and 5G network applications, while continuously expanding into industries like HVAC refrigeration and smart appliances.

C. Through continuous innovation activities such as lean production, SPC quality systems, and strategic marketing, accelerate the R&D of products for environmental protection, green energy, electric vehicles, and smart home control applications. Maintain global competitiveness, assist customers in maintaining their leading positions, provide complete and comprehensive solutions, and become long-term strategic partners for customers.

(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 trends of carbon reduction and energy-saving policy have 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 cost will continue to increase. In order to reduce the manufacturing cost of our products, the plan to build an automated production line is also accelerating.

(2) Electronic components:

A. Develop relay products for the PSU industry targeting AI server power supply demands, enhancing safety standards to 20A/250VAC and above, and developing products utilizing Immersion cooling technology.

B. Introduce the new EVS series Hall effect switches as a key product for penetrating domestic and international power tool markets, serving as a technological benchmark. Aim to secure ECE as the preferred brand for the CAS (Cordless Alliance System) high-density lithium battery system and control module solutions.

C. Continuously introduce ERD, EAM, ESD, and other switch products to commercial air conditioning customers, and expand niche market applications for GWT+HF, explosion-proof, THR relays, etc.

D. Integrate marketing departments across the group's regions to collaboratively develop international-level direct customers.

E. Optimize the company's website and online marketing channels to increase brand exposure and enhance sales regionally.

(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.

D. Developing expansion valve body products to expand into industries related to automotive, air conditioning, and other valve body demand.

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		2023	
		Sales volume	Percentage
Domestic sales		480,325	27
Exports	Europe	201,919	11
	The Americas	56,729	3
	Asia	1,052,445	59
	Others	5,034	-
	Subtotal	1,316,27	73
Total		1,796,452	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 ahead, the pressure of semiconductor inventory adjustment is expected to gradually alleviate. Demand in consumer electronics, automotive, and industrial markets is expected to gradually recover. The demand for automotive, AI, 5G, low-orbit satellites, and other related applications is gradually increasing. Separable components will also bring new growth opportunities due to the increased demand for new automotive and industrial control products. Furthermore, as the inventory depletion of semiconductor supply chains for consumer electronics gradually concludes, the willingness of end customers to place orders is expected to strengthen. This will stimulate the capacity utilization rate of semiconductor packaging and testing companies, further driving the demand for wire harnesses. Therefore, it is anticipated that the manufacturing industry will show signs of improvement in 2024.

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 93 domestic and overseas patents as of March 2024. 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 93 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

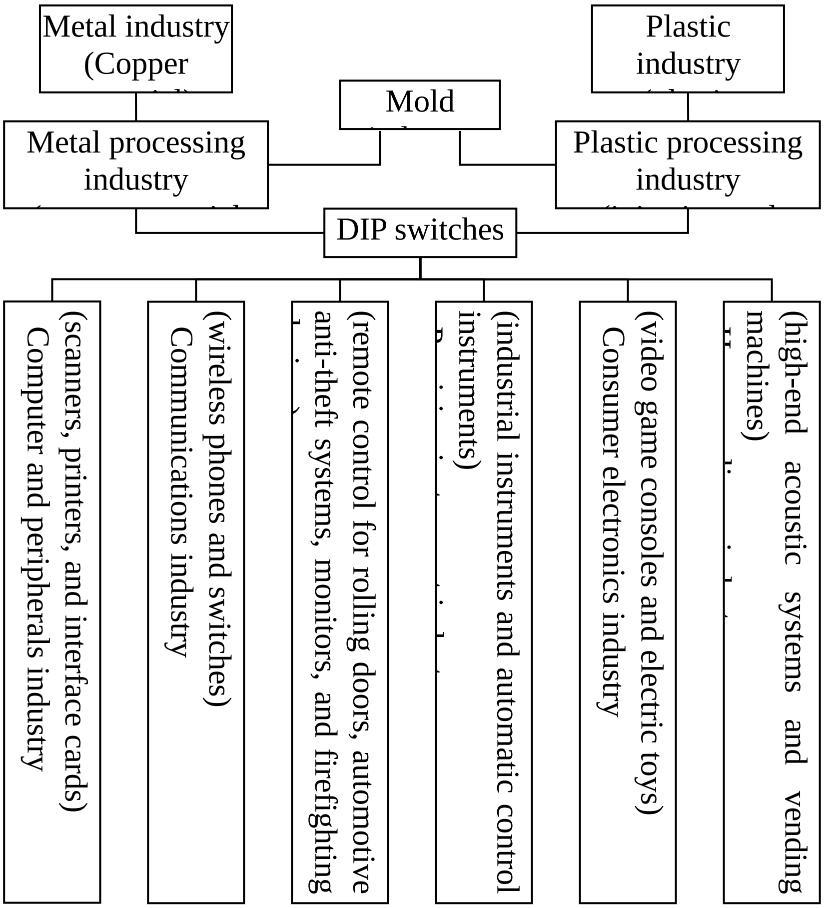
Regarding raw materials for DIP switches, relays, and connectors in the upstream industry, the main raw materials are from the plastics and metal processing industries. Among them, plastic parts and copper material parts are manufactured by the Company and partly by outsourced manufacturers, but the 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.

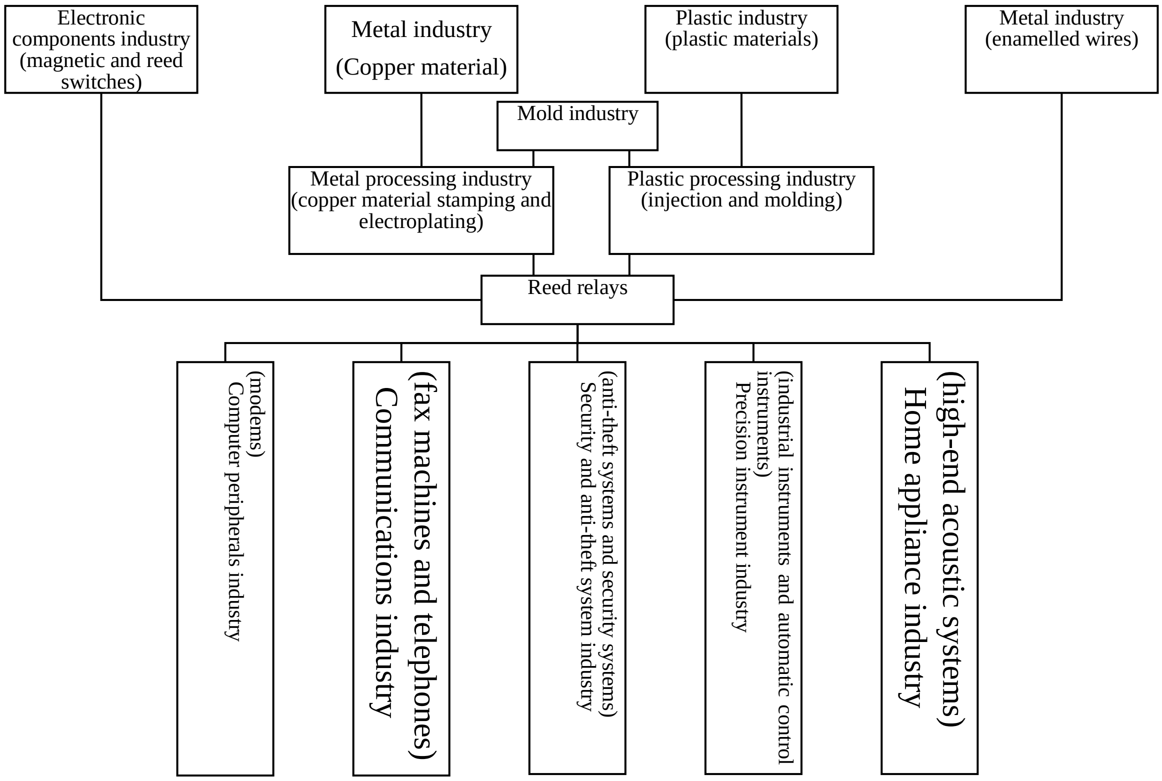
Lead frames: The main material is copper material, which is used in IC peripheral parts.

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

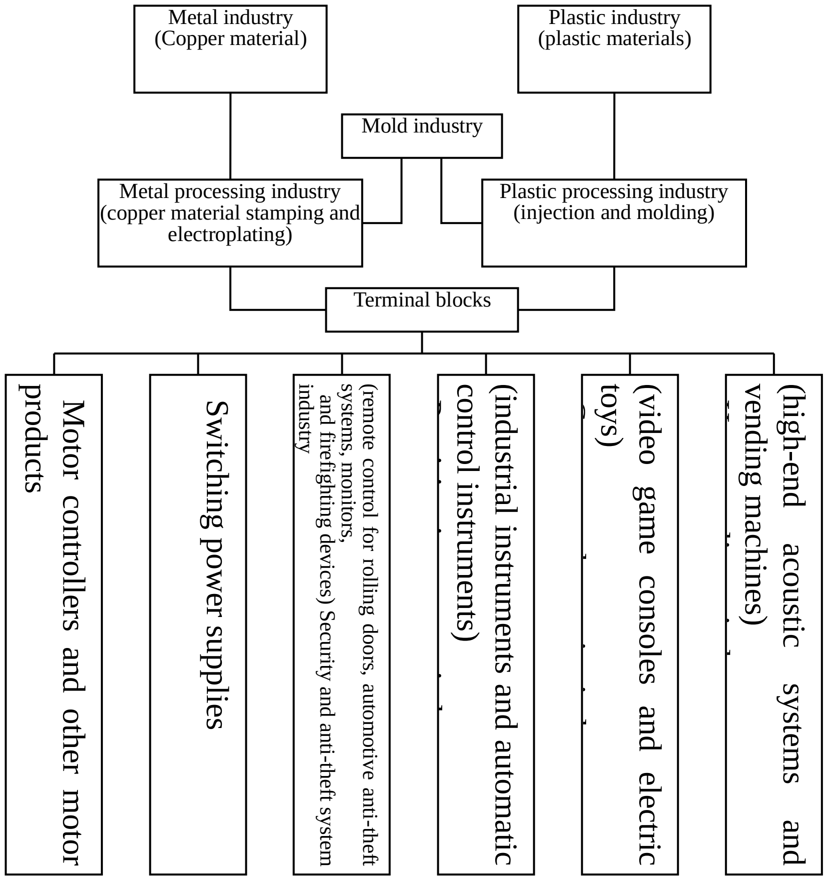
1. DIP switches:



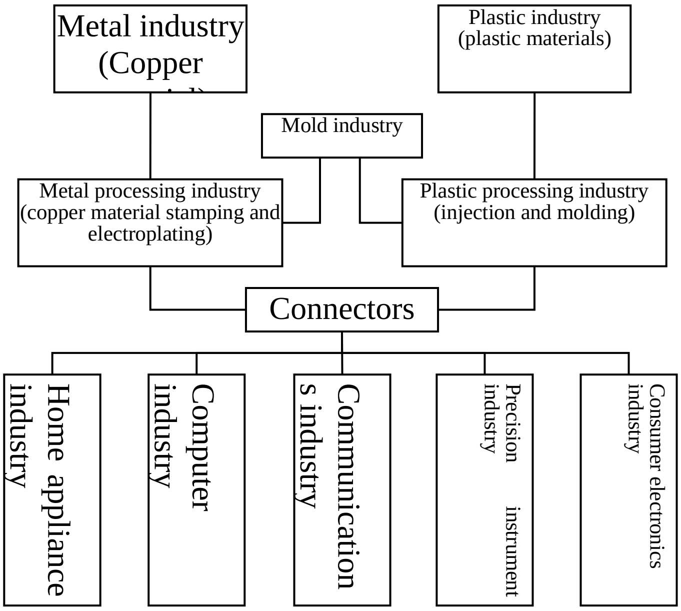
2. Relays:



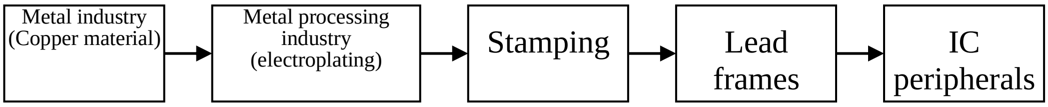
3. Terminal blocks:



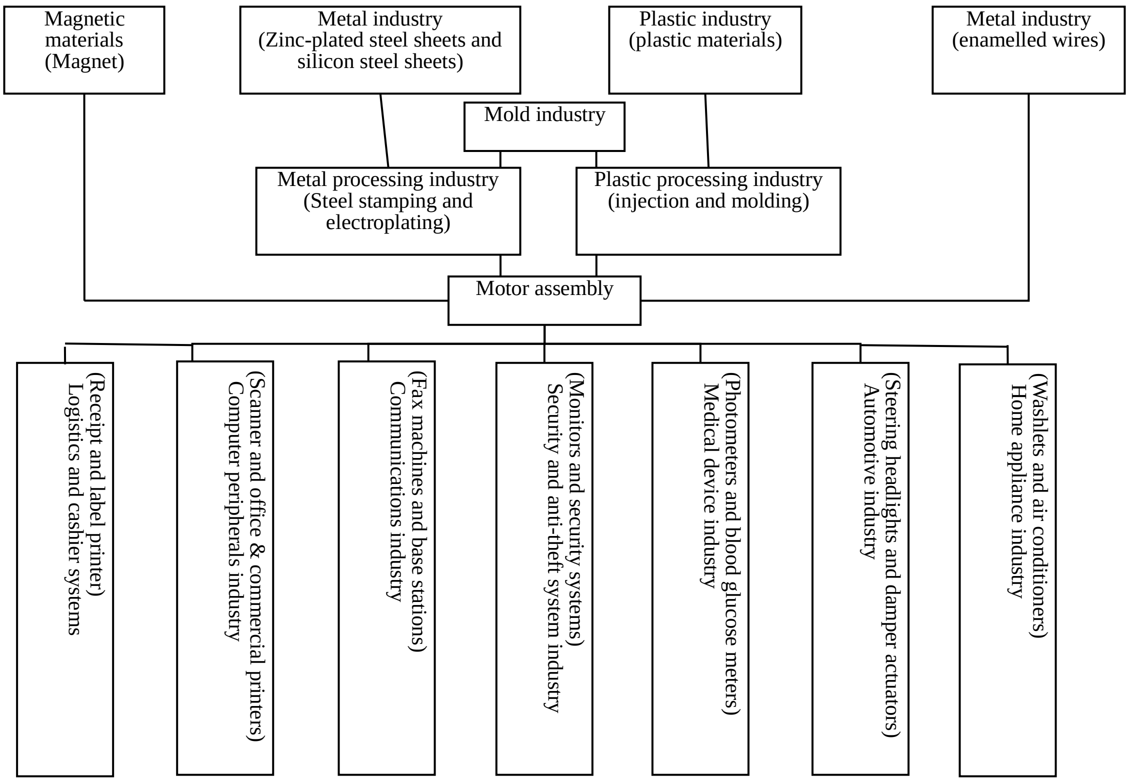
4. Connectors:



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	2022				2023				As of the 1st quarter of 2024			
	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	185,565	18%	N/A	DE036	201,259	23%	N/A				N/A
	Others	821,784	82%	-	Others	657,807	77%	-				
	Total	1,007,349	100%		Total	859,066	100%		Total		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	2022				2023				As of the 1st quarter of 2024			
	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	208,619	9%	None	TY030	195,971	11%	None	-		-	-
	Others	2,016,976	91%		Others	1,600,481	89%		Others		100%	
	Total	2,225,595	100%		Total	1,796,452	100%		Total		100%	

(V) Production for the most recent two years

Unit: In thousands of pieces; NT$ thousand

Year / Production volume and value / Main products	2022				2023			
	Production capacity	Production volume	Capacity utilization (Note)	Production value	Production capacity	Production volume	Capacity utilization (Note)	Production value
Semiconductor		20,842,694		786,319		13,275,404		814,644
Electronic components		168,755		640,153		85,653		422,825
Relays		26,789		299,307		16,528		218,055
Stepping motors		6,414		288,023		5,562		249,200
Total		21,044,652		2,013,802		13,383,147		1,704,724

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	2022				2023			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Semiconductor	1,272,050	223,753	19,275,600	678,972	1,316,135	251,412	14,108,065	445,828
Electronic components	67,379	252,196	82,019	500,609	41,902	181,202	79,144	429,698
Relays	3,134	44,985	15,790	215,142	3,567	43,660	12,155	174,042
Stepping motors	105	4,351	10,454	305,587	74	4,051	7,892	266,559
Total	1,342,668	525,285	19,383,863	1,700,310	1,361,678	480,325	14,207,256	1,316,127

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		2024	2023	Current year up to March 31, 2024
Number of employees	Manager	6	5	5
	Production line staff	687	622	697
	Non-managerial employees	379	373	371
	Total	1072	1000	1073
Average age		32.3	33.0	32.9
Average length of service		4.9	5.4	4.9
Distribution of education attainment (%)	Doctoral degree	0	0	0
	Master’s degree	18	18	17
	Bachelor’s degree	325	320	307
	Senior high school	403	389	400
	Below senior high school	326	273	349

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: In accordance with the Labor Standards Act, our company established a Labor Retirement Reserve Supervisory Committee since 1987. Pursuant to the regulations, a certain percentage of the total salary is allocated monthly to the retirement reserve fund, which is deposited into the retirement fund account at the Bank of Taiwan. Employees who choose to maintain the retirement provisions on July 1st, 2005for the retirement pension system under the Labor Pension Act while retaining their seniority prior to the implementation of the latter are subject to this arrangement. The balance of the retirement fund account is reviewed annually, and any deficiencies are replenished before the end of March of the following year. As of the end of 2023, the accumulated balance in the fund is NT$92,318,508.

Under the Labor Pension Act, our company has adopted a defined contribution plan since July 2005. For employees covered by this act, the company contributes 6% of the employee's monthly salary as the retirement pension, which is deposited into the retirement fund account at the Bureau of Labor Insurance. The total contribution for the year 2023 amounted to NT$12,312,114.

(III)The labor-management agreement and employee rights: The company has established the "Employee Suggestions Rules and Regulations," providing a clear channel for employees to express their opinions on the company's management system or improvement methods. Communication channels include but are not limited to the following:

1. Employees can express their opinions through the Welfare Committee, following the "Employee Welfare Committee Management Regulations."
2. Employees can propose suggestions through the "Improvement Proposal Execution Regulations" and provide improvement methods.
3. Employees can explain their opinions to their supervisors during unit meetings, which will be aggregated and reported upwards or discussed at executive meetings.
4. Employees can submit their opinions into suggestion boxes for review and response during weekly meetings.
5. In cases of harassment or misconduct in the workplace, employees can report the incidents through suggestion boxes. After verification, appropriate actions will be taken in accordance with the "Rewards and Penalties Regulations."
6. Regular labor-management meetings are held to coordinate labor relations, promote cooperation, and enhance work efficiency

7. The company is certified with LRQA ISO 14001:2015 / ISO 45001:2018 standards (from June 23, 2021, to June 22, 2024).

(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 2023 is as follows: Item Course Category Course Name Hours Amount (NTD)

No.	Course	Course title	Number of hours (H)	Amount (NTD)
1	Leadership and management	Continuing Education Course for Account Managers of Securities Dealers and Stock Exchanges	24	8,000
2	Leadership and management	Legal Risk Management for Directors and Supervisors in Light of Major Corporate Misconduct Cases	3	3,000
3	Leadership and management	Continuing Education for Accounting Managers	30	19,000
4	Leadership and management	Leadership Training Seminar for Newly Appointed Internal Auditors in Enterprises	18	9,000
5	Leadership and management	Practical Discussion on Data Processing Analysis and Application of Pivot Analysis	6	3,500
6	Leadership and management	Analysis and Response to Legal Cases of Violations for Audit/Finance Personnel	6	3,000
7	Leadership and management	AFNOR International Certification Course - Practical Sustainability Reporting and Carbon Management Practitioner	48	57,600
8	Leadership and management	Family Charter and Family Office	3	3,000
9	Leadership and management	Key Points for Directors, Supervisors, and Senior Executives of Listed Companies to Pay Attention to Regulatory Authorities	3	3,000
10	Human Resources	Analysis of Labor Standards Act Regulations and Amendments	2.5	-
11	Human Resources	Labor Contracts, Work Rules, and Occupational Hazard Labor Rights	2.5	-
12	Human Resources	Practical Analysis of Labor Standards Act & Labor Inspection	6	-
13	Purchasing Materials	Trade Management Seminar	4	-
14	Information Technology Application	Strengthening Cybersecurity to Reduce the Risk of Ransomware Attacks	3	-
15	Information Technology Application	FRC2023 Series Events - Organizational Empowerment Seminar: Intelligent Collaboration, Compliance Management, Information Resilience	6	-
16	Information Technology Application	T100 Technology Transfer Education Training	60	-
17	Information Technology Application	Manufacturing CIO Forum	5	-

18	Production and manufacturing	Practical Seminar on Intelligent Stamping Mold Design and Stamping Smart Production System	6	2,000
19	Quality management	Problem Solving Using the 8D Methodology	18	6,048
20	Quality management	IATF 16949:2016 Basic Training for Internal Auditors on the Five Core Tools of Automotive Quality Management Systems	12	4,650
21	Quality management	ISO 14067:2018 Carbon Footprint Standard Lead Auditor Course	54	62,700
22	Quality management	VDA 6.3:2023 Process Audit Training	12	5,720
23	Quality management	ISO 14067_2018 Carbon Footprint Standard Lead Auditor Course	28	20,000
24	Quality management	Problem Solving in Mold Trials and Defects in Finished Products	12	7,200
25	Quality management	ISO 14067_2018 Internal Auditor Training for Organizational Greenhouse Gas	14	10,000
26	R&D and design	Ansys Simplorer Basic Course	8	-
27	R&D and design	Seminar on Advanced Mold Processes and Smart Optimization Technology Applications	30	-
28	R&D and design	Ansys Workbench Structural Analysis Basic Course	16	-
29	Others: Labor safety	Labor Safety Certificate Continuing Education and Training (first training)	378	53,500
		Labor Safety Certificate Continuing Education and Training (refresher training)	162	33,540
		Occupational Health and Safety Briefing or Applicable Laws and Regulations Briefing	68.5	-
Our employees participated in a total of 79 external training courses during 2023 for a total of 1048.5 hours (number of people* number hours) in an amount of NT$314,458.				

(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, 2024
		2023	2022	2021	2020	2019	
Current assets		1,528,996	1,742,754	1,806,309	1,730,090	1,567,525	1,552,048
Property, plant and equipment		2,139,798	2,083,751	1,823,602	1,646,439	1,465,930	2,147,959
Intangible assets		37,854	38,649	42,277	43,954	43,512	40,927
Other assets		510,793	661,470	695,562	467,428	652,832	484,567
Total assets		4,217,441	4,526,624	4,367,750	3,887,911	3,729,799	4,225,501
Current liability	Before dividends distribution	1,077,783	1,313,846	1,193,492	1,035,950	1,087,500	1,008,574
	After dividends distribution	1,110,511	1,422,940	1,302,586	1,112,316	1,198,119	1,008,574
Non-current liability		602,511	592,291	622,945	470,581	215,015	673,815
Total liability	Before dividends distribution	1,680,334	1,906,137	1,816,436	1,506,531	1,302,515	1,682,389
	After dividends distribution	1,713,062	2,015,231	1,925,529	1,582,897	1,413,134	1,682,389
Equity attributable to owners of the parent company		2,521,162	2,606,043	2,538,800	2,365,694	2,407,677	2,526,214
Share capital		1,090,938	1,090,938	1,090,938	1,090,938	1,106,188	1,090,938
Capital surplus		227,137	270,775	314,412	340,448	426,040	227,137
Retained earnings	Before dividends distribution	1,099,659	1,122,869	1,019,697	896,239	854,505	1,080,376
	After dividends distribution	1,066,931	1,013,775	910,603	863,511	821,319	1,080,376
Other equity		103,428	121,461	113,753	38,069	20,944	127,763
Treasury stock		-	-	-	-	-	-
Non-controlling interests		15,945	14,444	12,514	15,686	19,607	16,898
Total equity	Before dividends distribution	2,537,107	2,620,487	2,551,314	2,381,380	2,427,284	2,543,112
	After distribution	2,504,379	2,511,393	2,442,221	2,305,014	2,316,665	2,543,112

Note 1: See page 78 for the 2019–2023 **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)				
		2023	2022	2021	2020	2019
Current assets		916,925	1,125,378	1,061,784	1,125,754	933,246
Property, plant and equipment		1,602,505	1,535,115	1,397,661	1,233,543	1,163,637
Intangible assets		37,855	38,649	40,774	42,226	41,559
Other assets		1,536,873	1,670,110	1,633,474	1,278,665	1,431,815
Total assets		4,094,158	4,369,252	4,133,693	3,680,188	3,570,257
Current liability	Before dividends distribution	1,007,988	1,210,862	1,045,074	851,200	963,055
	After dividends distribution	1,040,716	1,319,956	1,154,167	927,566	1,073,674
Non-current liability		565,008	552,347	549,819	463,294	197,469
Total liability	Before dividends distribution	1,572,996	1,763,209	1,594,893	1,314,494	1,160,524
	After dividends distribution	1,605,724	1,872,303	1,703,986	1,390,860	1,271,143
Share capital		1,090,938	1,090,938	1,090,938	1,090,938	1,106,188
Capital surplus		227,137	270,775	314,412	340,448	426,040
Retained earnings	Before dividends distribution	1,099,659	1,122,869	1,019,697	896,239	854,505
	After dividends distribution	1,066,931	1,013,775	954,241	863,511	821,319
Other equity		103,428	121,461	113,753	38,069	23,000
Treasury stock		-	-	-	-	-
Total equity	Before dividends distribution	2,521,162	2,606,043	2,538,800	2,365,694	2,409,733
	After dividends distribution	2,488,434	2,496,949	2,429,707	2,289,328	2,299,114

Note 1: See page 77 for the 2019–2023 **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 <u>comprehensive</u> income

Unit: NT$ thousand

Item \ Year	Financial data for the most recent five years (Note 1)					Current year up to March 31, 2024 (Note 2)
	2023	2022	2021	2020	2019	
Operating revenue	1,796,452	2,225,595	2,171,042	1,780,115	1,788,578	419,113
Operation gross profit	249,707	417,233	356,942	375,717	360,972	53,148
Operating gains and losses	(31,521)	113,782	11,712	23,005	18,256	(19,135)
Non-operating revenues and expenses	56,893	107,950	221,950	67,559	155,480	39,336
Earnings before tax	25,372	221,732	233,662	90,564	173,736	20,201
Continuing operations Net income for this period	37,036	170,125	154,615	84,148	160,185	14,081
Loss on discontinued operations	-	-	-	-	-	-
Net income (loss) in this period	37,036	170,125	154,615	84,148	160,185	14,081
Other comprehensive income for the period (net of tax)	(9,496)	4,521	80,204	12,073	(12,499)	24,559
Total comprehensive income for the period	27,540	174,646	234,819	96,221	147,686	38,640
Income attributable to owners of the parent company	35,280	167,822	153,097	83,272	158,551	13,352
Income attributable to non-controlling interests	1,756	2,303	1,518	876	1,634	729
Total comprehensive income attributable to owners of the parent company	24,213	171,034	231,870	96,377	144,744	37,687
Total comprehensive income attributable to non-controlling interests	3,327	3,612	2,949	(156)	2,942	953
Earnings per share	0.32	1.54	1.40	0.76	1.44	0.12

Note 1: See page 80 for the 2019–2023 **Condensed Statement of <u>Comprehensive</u> 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

Item \ Year	Financial data for the most recent five years (Note 1)				
	2023	2022	2021	2020	2019
Operating revenue	1,175,620	1,441,622	1,450,924	1,163,661	1,208,579
Operation gross profit	170,283	294,534	279,989	235,794	233,477
Operating gains and losses	(34,639)	76,465	54,737	36,093	12,814
Non-operating revenues and expenses	45,576	118,623	130,351	44,727	152,931
Earnings before tax	10,937	195,088	185,088	80,820	165,745
Net income on continuing operations in this period	35,280	167,822	153,097	83,272	158,551
Loss on discontinued operations	-	-	-	-	-
Net income (loss) in this period	35,280	167,822	153,097	83,272	158,551
Other comprehensive income for the period (net of tax)	(11,067)	3,212	78,773	13,105	(13,807)
Total comprehensive income for the period	24,213	171,034	231,870	96,377	144,744

Note 1: See page 79 for the 2019–2023 **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
2023	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, 2024 (Note 1)
		2023	2022	2021	2020	2019	
Financial structure (%)	Debt ratio	39.84	42.11	41.59	38.75	34.92	39.82
	Ratio of long-term capital to property, plant and equipment	146.73	154.18	174.07	173.22	180.25	149.77
Solvency %	Quick ratio	141.86	132.65	151.35	167.01	144.14	153.89
	Quick ratio	107.43	97.10	101.82	137.16	114.47	116.94
	Times interest earned/Interest coverage ratio	2	14	25	10	18	5
Operating performance	Accounts receivable turnover (times)	5.06	5.28	5.13	4.74	4.61	4.67
	Average collection period (days)	72	69	71	77	79	78
	Inventory turnover (times)	3.69	3.42	4.03	4.45	3.92	3.94
	Accounts payable turnover (times)	7.37	6.96	6.93	6.73	6.56	6.71
	Average days in sales	99	107	91	82	93	93
	Property, plant and equipment turnover (times)	0.85	1.14	1.25	1.14	1.25	0.78
	Total assets turnover (times)	0.41	0.50	0.53	0.47	0.48	0.40
Profitability	Return on assets (%)	1.23	4.12	3.94	2.42	4.53	1.72
	Return on equity (%)	1.44	6.58	6.27	3.50	6.62	2.22
	Income before tax as a percentage of paid-in capital (%) (Note 7)	2.33	20.32	21.42	8.30	15.71	7.41
	Net profit margin (%)	2.06	7.64	7.12	4.73	8.96	3.36
	Earnings per share (NTD)	0.32	1.54	1.40	0.76	1.44	0.12
Cash flows	Cash flow ratio (%)	17.17	25.10	(16.58)	6.02	9.62	-
	Cash flow adequacy ratio (%)	32.90	34.13	8.99	31.17	42.70	-
	Cash re-investment ratio (%)	4.02	7.42	(4.68)	1.52	2.80	-
Leverage	Operating leverage	(1,929)	750	6,553	2,773	3,494	-
	Financial leverage	59.92	117	619	157	234	-

Details:

1. Interest Coverage Days: The interest coverage days for 2023 year decreased by 85% compared to the previous year, with the main reason being a decrease in pre-tax net profit from 221,732 thousand NTD to 25,372 thousand NTD, a reduction of 196,360 thousand NTD.
2. Profitability: The post-tax net profit for 2023 decreased by 130,786 million NTD compared to the previous year, from 170,125 million NTD to 37,036 million NTD, resulting in a decline in related ratios. This was primarily due to a decrease in consolidated operating revenue from 2,225,595 million NTD to 1,796,452 million NTD, a decrease of 429,143 million NTD. The consolidated gross profit margin decreased by 5% from the previous year to 14%, resulting in a decrease in consolidated gross profit of 167,526 million NTD. Consolidated operating expenses decreased by 22,223 million NTD. As a result, the consolidated operating loss for 2023 was 31,521 million NTD, a decrease of 145,303 million NTD compared to the previous year.
3. Cash Flow Ratio: The net cash inflow from operating activities decreased by 144,654 million NTD, leading to a decrease in the cash flow ratio and cash reinvestment ratio.
4. Operating Leverage/Financial Leverage: Due to the decrease in operating net profit of 145,303 million NTD, both operating leverage and financial leverage decreased.

Note 1: The data from 2019 through 2023 was audited by CPAs, and the data for 2024 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)	Financial analysis for the most recent five years				
			2023	2022	2021	2020	2019
Financial structure (%)	Debt ratio		38.42	40.35	38.58	35.72	32.51
	Ratio of long-term capital to property, plant and equipment		192.58	205.74	220.98	229.34	224.06
Solvency %	Quick ratio		90.97	92.94	101.60	132.25	96.90
	Quick ratio		65.14	67.19	68.20	110.73	77.16
	Times interest earned/Interest coverage ratio		1.54	14.26	21.57	9.98	21.27
Operating performance	Accounts receivable turnover (times)		5.41	5.47	5.33	4.88	5.10
	Average collection period (days)		67.49	67	68	75	72
	Inventory turnover (times)		3.51	3.47	4.40	4.97	4.50
	Accounts payable turnover (times)		5.59	5.13	5.57	6.08	6.04
	Average days in sales		104	105	83	73	81
	Property, plant and equipment turnover (times)		0.75	0.98	1.10	0.97	1.06
	Total assets turnover (times)		0.28	0.34	0.37	0.32	0.34
Profitability	Return on assets (%)		1.22	4.22	4.10	2.50	4.63
	Return on equity (%)		1.38	6.52	6.24	3.49	6.62
	As a percentage of paid-in capital (%)	Operating income	(3.18)	7.01	5.02	3.31	1.16
		Earning before tax	1.00	17.88	16.97	7.41	14.98
	Net profit margin (%)		3.00	11.64	10.55	7.16	13.12
	Earnings per share (NTD)		0.32	1.54	1.40	0.76	1.43
Cash flows	Cash flow ratio (%)		10.09	13.25	9.53	1.56	9.45
	Cash flow adequacy ratio (%)		71.84	25.19	15.39	12.22	21.98
	Cash re-investment ratio (%)		2.39	3.77	2.40	0.34	2.69
Leverage	Operating leverage		(1,123)	725	993	1,193	3,366
	Financial leverage		63	124	120	133	276

Details:

1. Interest Coverage Days: The interest coverage days for 2023 decreased by 89% compared to the previous year, with the main reason being a decrease in pre-tax net profit from 195,088 million NTD to 10,937 million NTD, a reduction of 184,151 million NTD.
2. Profitability: The post-tax net profit for 2023 decreased by 132,542 million NTD compared to the previous year, from 167,822 million NTD to 35,280 million NTD, resulting in a decline in related ratios. This was primarily due to a decrease in operating revenue from 1,441,622 million NTD to 1,175,640 million NTD for 2023, a decrease of 265,982 million NTD. The gross profit margin decreased by 7% from the previous year to 14%, resulting in a decrease in operating gross profit of 124,251 million NTD. Operating expenses decreased by 13,147 million NTD. As a result, the operating loss for 2023 was 34,639 million NTD, a decrease of 111,104 million NTD compared to the previous year.

1,622 million NTD to 1,175,640 million NTD for 2023, a decrease of 265,982 million NTD. The gross profit margin decreased by 7% from the previous year to 14%, resulting in a decrease in operating gross profit of 124,251 million NTD. Operating expenses decreased by 13,147 million NTD. As a result, the operating loss for 2023 was 34,639 million NTD, a decrease of 111,104 million NTD compared to the previous year.

ng expenses decreased by 13,147 million NTD. As a result, the operating loss for 2023 was 34,639 million NTD, a decrease of 111,104 million NTD compared to the previous year.

3. Cash Flow Ratio: The net cash inflow from operating activities decreased by 58,660 million NTD, leading to a decrease in the cash flow ratio and cash reinvestment ratio.
4. Operating Leverage/Financial Leverage: Due to the decrease in operating net profit of 111,104 million NTD, both operating leverage and financial leverage decreased.

Note 1: The data from 2019 through 2023 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 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.

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 84.

IV. Annual financial statements for the most recent year:

See pages 95–159.

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

See pages 160–230.

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 2023 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 6, 2024

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

I. Financial position analysis

Unit: NT$ thousand; %

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	1,528,996	1,742,754	(213,758)	(12)
Property, plant and equipment	2,139,798	2,083,751	56,047	3
Intangible assets	37,854	38,649	(795)	(2)
Other non-current assets	510,793	661,470	(150,677)	(23)
Total assets	4,217,441	4,526,624	(309,183)	(7)
Current liability	1,077,783	1,313,846	(236,063)	(18)
Non-current liability	602,551	592,291	10,260	2
Total liability	1,680,334	1,906,137	(225,803)	(12)
Share capital	1,090,938	1,090,938	-	-
Capital surplus	227,137	270,775	(43,638)	(16)
Retained earnings	1,099,659	1,122,869	(23,210)	(2)
Other equity	103,428	121,461	(18,033)	(15)
Total equity attributable to owners of the parent company	2,521,162	2,606,043	(84,881)	(3)
Non-controlling interests	15,945	14,444	1,501	10
Total equity	2,537,107	2,620,487	(83,380)	(3)

Analysis of variance in cash flows:The decrease in other non-current assets amounted to $150,677 thousand, primarily due to a decrease of $132,338 thousand in financial assets measured at fair value through other comprehensive income.

II. Financial performance analysis

(I) Operating performance analysis

Unit: NT$ thousand; %

Item	2023		2022		Increase/Decrease in amount	Increase/Decrease (%)
	Subtotal	Total	Subtotal	Total		
Net operating revenue		1,796,452		2,225,595	(429,143)	(19)
Operating cost		1,546,745		1,808,362	(261,617)	(14)
Operation gross profit		249,707		417,233	(167,526)	(40)
Operating expenses		281,228		303,451	(22,223)	(7)
Net operating income		(31,521)		113,782	(145,303)	(128)
Non-operating revenues and expenses		56,893		107,950	(51,057)	(47)
Other income	17,720		16,285		1,435	9
Interest income	17,138		2,913		14,225	488
Foreign currency exchange gain (loss), net	12,973		45,693		(32,720)	(72)
Other gains and losses	13,737		21,181		(7,444)	(35)
Financial costs	(21,083)		(16,518)		4,565	28
Share of profit or loss of affiliates and joint ventures recognized using the equity method	16,408		38,396		(21,988)	(57)
Earnings before tax		25,372		221,732	(196,360)	(89)
Income tax expense		(11,664)		51,607	(63,271)	(123)
Net income for this period		37,036		170,125	(133,089)	(78)
Net income attributable to						
Owners of parent		35,280		167,822	(132,542)	(79)
Non-controlling interests		1,756		2,303	(547)	(24)
Net income for this period		37,036		170,125	(133,089)	(78)

Analysis of variance in cash flows:

1. Operating Gross Profit/Operating Net Profit: The consolidated operating revenue for 2023 decreased by 429,143 million NTD compared to the previous year, with a gross profit margin of 14%, down by 5% from the previous year. This was due to a decrease in production volume and an increase in fixed expense allocation, resulting in a decrease in gross profit. Consolidated operating gross profit decreased by 167,526 million NTD. Consolidated operating expenses decreased by 22,223 million NTD, resulting in a consolidated operating loss of 31,521 million NTD for 2023, a decrease of 145,303 million NTD compared to the 111th year.
2. Non-Operating Income and Expenses: Foreign exchange gains decreased by 32,720 million NTD, and the share of profits and losses from associated companies and joint ventures recognized using the equity method decreased by 21,988 million NTD, leading to a decrease of 51,057 million NTD in operating outside income and expenses.

(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 2024 Business Plan.

III. Cash flow analysis

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

Item \ Year	December 31, 2023	December 31, 2022	Increase (decrease) (%)
Cash flow ratio	17.17%	25.10%	(32%)
Cash flow adequacy ratio	32.90%	34.13%	(4%)
Cash re-investment ratio	4.02%	7.42%	(46%)
Analysis of variance in cash flows: Cash flow ratio/Cash re-investment ratio: The net cash inflow from operating activities decreased by NT$144,654 thousand, and cash flow ratio, and cash reinvestment ratio decreased.			

(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
616,738	294,688	297,698	613,728	-	-

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

The property, plant and equipment acquired during 2023 totaled NT$188,537 thousand, mainly due to the addition of plant for EXCEL Cell Electronic Anhui Co., Ltd., occupying a area of 10,924 square meters. 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 2023 would have decreased by NT$294 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 2023 would have decreased by NT$5,321 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 2023.

(III) Future R&D plans and estimated R&D expenses: See pages 62–63 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 2023 totaled NT$188,537 thousand, mainly due to the addition of plant for EXCEL Cell Electronic Anhui Co., Ltd., occupying a area of 10,924 square meters 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.

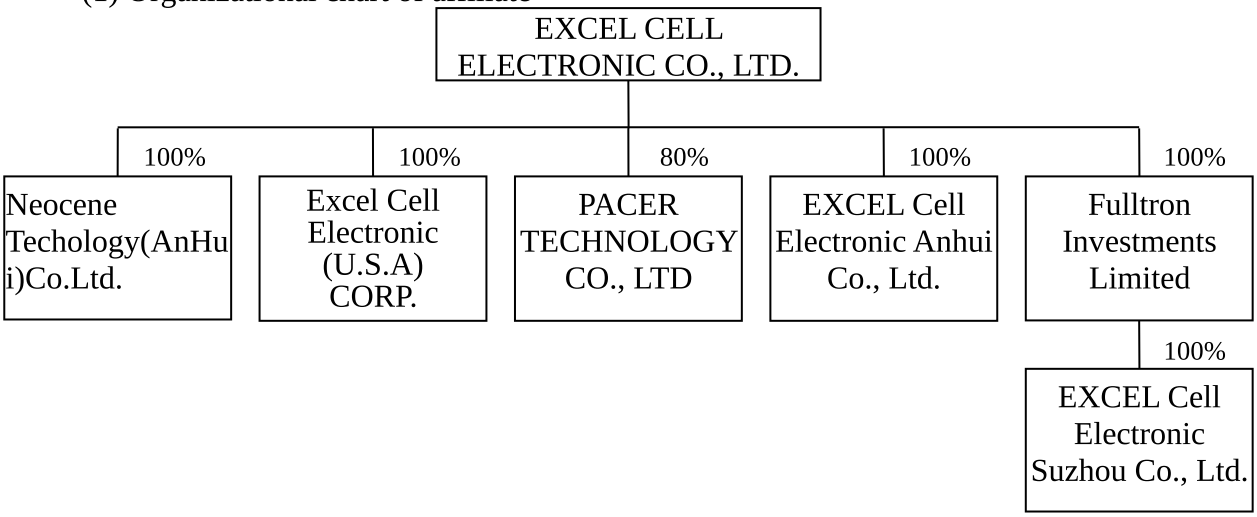
Eight. Special Matters

I. Information on affiliates

(I) Consolidated Business Report.

1. Overview of affiliates:

(1) Organizational chart of affiliate



(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 8,650,000	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 8,000,000	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
Neocene Techology(AnHui)Co.Ltd. (Neocene Anhui)	2001.01.02	No. 529, Huzhou Road, Sino Singapore Suzhou Chuzhou High Tech Zone, Chuzhou City, Anhui Province	USD 1,000,000	Manufacture and sale 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
Neocene. Technology (Anhui) 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	88,471	8,827	79,644	39,507	7,524	8,772	3.66
ECE USA	7,578	45,188	3,340	41,848	45,817	5,161	6,924	Note 1
Fulltron Samoa	374,192	385,651	206	385,445	-	(206)	16,963	Note 1
Excel Cell (Suzhou)	369,441	421,976	36,374	385,602	289,649	20,341	17,172	Note 1
Excel Cell Anhui	623,561	588,542	124,658	463,884	410,749	(30,258)	(27,061)	Note 1
Neocene. Technology (Anhui) Co., Ltd.	30,365	139,896	37,671	102,225	1,464	(2,624)	1,082	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
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 USD$8,650 thousand	100%
Subsidiaries: Excel Cell (Suzhou)	Chairman (President)	Representative of Fulltron Samoa: Hsu Min-Cheng	Contribution USD$8,000 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: Neocene. Technology (Suzhou) Co., Ltd.	Chairman	SIMPLY SUCCESS INVESTMENTS LTD. Representative: Hsu Min-Cheng	Contribution USD$1,000,000 thousand	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 95–159).

(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, 2023, 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

Liao Pen-Lin
Chairman
March 6, 2024

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, 2023 and 2022, 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 31,2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (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, 2023. 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, 2023 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$241,926 thousand and NT$258,537 thousand, both constituting 6% of consolidated total assets as at December 31, 2023 and 2022, respectively. Comprehensive income accounted for using equity method of NT$15,949 thousand and NT$38,675 thousand, constituting 58% and 22% of consolidated total comprehensive income for the years ended December 31, 2023 and 2022, 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, 2023 and 2022.

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, 2023 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 6, 2024

EXCEL CELL ELECTRONIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6)	$ 616,378	15	$ 831,243	18
1110	Financial assets at fair value through profit or loss – Current (Note 4 and 7)	50,877	1	46,077	1
1120	Financial assets at fair value through other comprehensive income – Current (Note 4 and 10)	127,406	3	-	-
1150	Notes receivable from unrelated parties (Note 4 and 8)	38,437	1	36,786	1
1170	Accounts receivable from unrelated parties (Note 4 and 8)	295,603	7	335,747	8
1180	Accounts receivable from related parties (Note 4, 8 and 24)	1,368	-	1,581	-
1200	Other receivables (Note 4 and 20)	15,177	-	5,575	-
1310	Inventories (Notes 4 and 9)	371,180	9	466,967	10
1470	Other current assets	12,570	-	18,778	-
11XX	Total current assets	1,528,996	36	1,742,754	38
	NONCURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income – Noncurrent (Note 4 and 10)	121,308	3	253,646	6
1550	Investments accounted for using equity method (Note 4 and 12)	241,926	6	258,537	6
1600	Property, plant and equipment (Notes 4, 13, 24, 25 and 26)	2,139,798	51	2,083,751	46
1755	Right-of-use assets (Notes 4 and 14)	24,035	-	25,551	1
1780	Intangible assets (Notes 4)	37,854	1	38,649	1
1840	Deferred income tax assets (Notes 4 and 20)	40,139	1	18,479	-
1915	Prepayment for equipment	71,460	2	99,162	2
1975	Net defined benefit asset – Noncurrent (Note 4 and 17)	9,699	-	2,724	-
1990	Other noncurrent assets	2,226	-	3,371	-
15XX	Total noncurrent assets	2,688,445	64	2,783,870	62
1XXX	TOTAL	$ 4,217,441	100	$ 4,526,624	100
CODE	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Note 15)	$ 570,000	14	$ 410,000	9
2110	Short-term bills payable (Note 15)	-	-	380,000	8
2170	Notes and accounts payables to unrelated parties	199,045	5	183,583	4
2180	Notes and accounts payables to related parties (Note 24)	17,765	1	19,150	-
2219	Other payables (Notes 16)	94,443	2	118,878	3
2220	Payables to equipment suppliers	2,414	-	6,086	-
2230	Current tax liabilities (Notes 4 and 20)	15,380	-	31,372	1
2280	Lease liabilities – Current (Note 4 and 14)	1,387	-	1,215	-
2313	Deferred income (Note 4 and 15)	3,130	-	2,643	-
2320	Long-term loans - current portion (Note 15 and 25)	138,580	3	136,859	3
2399	Other current liabilities	35,639	1	24,060	1
21XX	Total current liabilities	1,077,783	26	1,313,846	29
	NONCURRENT LIABILITIES				
2540	Long-term loans (Note 15 and 25)	549,510	13	530,345	12
2570	Deferred income tax liabilities (Notes 4 and 20)	33,915	1	41,422	1
2580	Lease liabilities – Noncurrent (Note 4 and 14)	1,383	-	2,136	-
2630	Long-term deferred income (Note 4 and 15)	16,668	-	17,005	-
2640	Net defined benefit liabilities – Noncurrent (Note 4 and 17)	973	-	1,279	-
2645	Guarantee deposits	102	-	104	-
25XX	Total noncurrent liabilities	602,551	14	592,291	13
2XXX	Total liabilities	1,680,334	40	1,906,137	42
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
3110	Capital stock	1,090,938	26	1,090,938	24
3200	Capital surplus	227,137	5	270,775	6
	Retained earnings				
3310	Legal reserve	329,350	8	312,197	7
3320	Special reserve	16,972	-	16,972	-
3350	Unappropriated earnings	753,337	18	793,700	18
3400	Other equity	103,428	3	121,461	3
31XX	Equity attributable to shareholders of the parent	2,521,162	60	2,606,043	58
36XX	NON - CONTROLLING INTERESTS	15,945	-	14,444	-
3XXX	Total equity	2,537,107	60	2,620,487	58
	TOTAL	$ 4,217,441	100	$ 4,526,624	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 6, 2024)

EXCEL CELL ELECTRONIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	OPERATING REVENUE, NET (Note 4 and 24)	$ 1,796,452	100	$ 2,225,595	100
5000	OPERATING COSTS (Notes 10, 19 and 24)	1,546,745	86	1,808,362	81
5900	GROSS PROFIT	249,707	14	417,233	19
	OPERATING EXPENSES (Notes 19)				
6100	Selling and marketing expenses	67,985	4	78,679	4
6200	General and administrative expenses	125,114	7	136,262	6
6300	Research and development expenses	88,129	5	88,510	4
6000	Total operating expenses	281,228	16	303,451	14
6900	PROFIT (LOSS) FROM OPERATIONS	(31,521)	(2)	113,782	5
	NON-OPERATING INCOME AND EXPENSES				
7050	Finance costs (Note 15 and 19)	(21,083)	(1)	(16,518)	(1)
7100	Interest income	17,138	1	2,913	-
7010	Other income (Note 19 and 24)	29,402	1	30,941	2
7370	Share of profit of associates accounted for using the equity method (Note 4 and 12)	16,408	1	38,396	2
7020	Other gains and losses (Note 19)	15,028	1	52,218	2
7000	Total non-operating income and expenses	56,893	3	107,950	5
7900	INCOME BEFORE INCOME TAX	25,372	1	221,732	10

(Continued)

(Continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
7950	INCOME TAX EXPENSE (PROFIT) (Note 4 and 20)	($ 11,664)	(1)	$ 51,607	2
8200	NET PROFIT FOR THE YEAR	37,036	2	170,125	8
	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 17)	5,489	1	1,269	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	4,442	-	(20,581)	(1)
8320	Share of the other comprehensive income of associates accounted for using the equity method (Note 4 and 12)	(26)	-	(15)	-
8349	Income tax related to items that will not be reclassified subsequently (Note 20)	(1,098)	-	(254)	-
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)	(18,303)	(1)	24,102	1
8300	Other comprehensive gain (loss) for the year, net of income tax	(9,496)	-	4,521	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 27,540	2	$ 174,646	8
	NET PROFIT ATTRIBUTABLE TO:				
8610	Shareholders of the Company	$ 35,280	2	$ 167,822	8
8620	Non-controlling interests	1,756	-	2,303	-
8600		$ 37,036	2	$ 170,125	8

(Continued)

(Continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the Company	$ 24,213	2	$ 171,034	8
8720	Non-controlling interests	3,327	-	3,612	-
8700		$ 27,540	2	$ 174,646	8
	EARNINGS PER SHARE (Note 21)				
9750	Basic	$ 0.32		$ 1.54	
9850	Diluted	$ 0.32		$ 1.53	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 6, 2024)

EXCEL CELL ELECTRONIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

		Equity Attributable to Shareholders of the Parent									
				Retained Earnings (Note 18)			Other Equity				
Code		Share Capital (Note 18)	Capital Surplus (Note 18)	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, 2022	$ 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
	Appropriation of 2022 earnings										
B1	Legal reserve	-	-	17,153	-	(17,153)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(65,456)	-	-	(65,456)	-	(65,456)
C15	Capital Surplus distribute to Cash dividends	-	(43,638)	-	-	-	-	-	(43,638)	-	(43,638)
D1	Net profit for the year ended December 31, 2023	-	-	-	-	35,280	-	-	35,280	1,756	37,036
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	4,345	(18,303)	2,891	(11,067)	1,571	(9,496)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	39,625	(18,303)	2,891	24,213	3,327	27,540
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(1,826)	(1,826)
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	2,621	-	(2,621)	-	-	-
Z1	BALANCE AT DECEMBER 31, 2023	$ 1,090,938	$ 227,137	$ 329,350	$ 16,972	$ 753,337	($ 42,013)	$ 145,441	$ 2,521,162	$ 15,945	$ 2,537,107

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 6, 2024)

EXCEL CELL ELECTRONIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 25,372	$ 221,732
A20010	Adjustments for:		
A20100	Depreciation expense	159,221	147,127
A20200	Amortization expense	5,248	9,585
A20300	Expected credit losses recognized (reversal)	(57)	(127)
A20400	Net profit of financial instruments at fair value through profit or loss	(4,800)	3,497
A20900	Finance costs	21,083	16,518
A21200	Interest income	(17,138)	(2,913)
A21300	Dividend income	(11,682)	(14,656)
A22300	Share of profit of associates accounted for under equity method	(16,408)	(38,396)
A22500	Gain on disposal of property, plant and equipment, net	(542)	(1,408)
A22700	Loss (gain) on disposal of property, plant and equipment, net	-	(10,626)
A23700	Allowance for inventory valuation and obsolescence loss	11,436	13,714
A24100	Net unrealized loss on foreign currency exchange	4,922	10,456
A29900	Deferred Income	(2,924)	(1,950)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(1,651)	27,028
A31150	Accounts receivable	35,826	63,857
A31180	Other receivables	(5,000)	(1,856)
A31200	Inventories	87,488	115,066
A31240	Other current assets	6,054	14,541
A32150	Notes and accounts payable	14,338	(113,422)
A32180	Other payables	(28,100)	(6,960)
A32230	Other current liabilities	11,579	(17,548)
A32240	Net defined benefit plan	(1,818)	(10,238)
A33000	Cash generated from (used in) operations	292,447	423,021
A33100	Interest received	17,138	2,913
A33200	Dividends received	44,242	47,216

(Continued)

(Continued)

Code		2023	2022
A33300	Interest paid	(21,083)	(16,518)
A33400	Dividends paid	(109,094)	(109,093)
A33500	Income tax paid	(38,552)	(17,787)
AAAA	Net cash generated from (used in) operating activities	185,098	329,752
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00020	Disposal of financial assets at fair value through other comprehensive	$ 9,374	$ 10,068
B00030	Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	83
B00100	Purchase of financial assets at fair value through profit or loss	-	(44,480)
B00200	Disposal of financial assets at fair value through profit or loss	-	56,846
B02700	Payments for property, plant and equipment	(188,537)	(306,567)
B02800	Proceeds from disposal of property, plant and equipment	14,035	49,342
B03800	Refundable deposits paid (refunded)	1,145	(630)
B04500	Payments for intangible assets	(3,321)	(4,736)
B05500	Proceeds from disposal of investment property	-	20,453
B06700	Decrease (Increase) in other noncurrent assets	(1,132)	1,253
B07100	Increase in prepayments for equipment	(22,874)	(156,948)
BBBB	Net cash used in investing activities	(191,310)	(375,316)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Increase in short-term loans	160,000	150,000
C00500	Decrease in short-term bills payable	(380,000)	-
C01600	Proceeds from long-term loans	163,505	125,727
C01700	Repayment of long-term loans	(139,390)	(52,224)
C03100	Increase (Decrease) in guarantee deposits received	(2)	1
C04020	Repayment of the principal portion of lease liabilities	(1,330)	(1,673)
C05800	Change in non-controlling interests	(1,826)	(1,682)
CCCC	Net cash generated (outflow) from financing activities	(199,043)	220,149
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(9,610)	13,662
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(214,865)	188,247
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	831,243	642,996
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 616,378	$ 831,243

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 6, 2024)

EXCEL CELL ELECTRONIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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 6, 2024.

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 2024.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB （Note 1）
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the Company uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the exchange differences on translation of foreign financial statements in equity.

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.

d) Reclassification

Management consider that the funds repatriated under the 'The Management, Utilization, and Taxation of Repatriated Offshore Funds Act ' for substantive investments and related financial investments do not change the nature of the deposits. The Group can withdraw the amount immediately and the amount is more appropriate to classify the designated deposit as cash and cash equivalents. Consequently, the presentation of the consolidated balance sheet and consolidated cash flow statement was reclassified in 2023, with the financial assets measured at amortized cost reclassified as cash and cash equivalents. The book values of these assets as of December 31, 2023, December 31, 2022, and January 1, 2022, were

NT$1,403 thousand, NT$18,347 thousand, and $53,245 thousand, respectively. The impact on cash flow items for the year 2022 is as follows:

	Adjustment
Cash used in investing activities	$ 34,898
Net increase in cash and cash equivalents	$ 34,898

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 11, 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 other 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. 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.

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. 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.

k. 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.

l. 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 23.

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, 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.

m. 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.

n. 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.

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 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.

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 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.

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 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.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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, 2023	December 31, 2022
Cash on hand	$ 1,117	$ 862
Checking accounts and demand deposits	335,057	575,879
Cash equivalents		
(Investment with original maturities of 3 months or less)		
Repurchase agreements collateralized by bonds	109,540	153,145
Certificates of deposit	170,664	101,357
	$ 616,378	$ 831,243

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

	December 31, 2023	December 31, 2022
Repurchase agreements collateralized by bonds (%)	5.40-5.45	4.30
Time deposits (%)	1.55-5.38	1.75-1.80

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

	December 31, 2023	December 31, 2022
Held for trading - Financial assets		
Non-derivative financial assets		
Mutual funds	$ 50,877	$ 46,077

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, 2023	December 31, 2022
Notes receivable - Unrelated parties		
At amortized cost	$ 38,437	$ 36,786
Accounts receivable		
At amortized cost	$ 297,554	$ 338,013
Less: Loss Allowance	(583)	(685)
	$ 296,971	$ 337,328

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, 2023						
Expected credit loss rate	0.01%-0.03%	1%	5%	10%	100%	
Gross carrying amount	$ 249,645	$ 47,286	$ 576	$ -	$ 47	$ 297,554
Loss allowance (Lifetime ECL)	(34)	(473)	(29)	-	(47)	(583)
Amortized cost	$ 249,611	$ 46,813	$ 547	$ -	$ -	$ 296,971
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

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

	Years Ended December 31, 2023	Years Ended December 31, 2022
Balance, beginning of year	$ 685	$ 808
Reversal	(57)	(127)
Actual Write-off	(41)	-
Effect of exchange rate changes	(4)	4
Balance, end of year	$ 583	$ 685

9. INVENTORIES

	December 31, 2023	December 31, 2022
Finished goods	$ 121,222	$ 177,717
Semi-finished goods	92,849	108,019

Work in process	32,141	42,330
Raw materials	120,522	132,501
Merchandise	4,446	6,400
	$ 371,180	$ 466,967

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, 2023 and 2022 were $11,436thousand and $13,714 thousand respectively.

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

Investments in Equity Instruments

	December 31, 2023	December 31, 2022
Current		
Domestic investments		
Listed shares		
P-DUKE TECHNOLOGY CO., LTD.	$ 123,276	$ -
MAX ECHO TECHNOLOGY CORP.	4,130	-
	$ 127,406	$ -
Noncurrent		
Domestic investments		
Listed shares		
P-DUKE TECHNOLOGY CO., LTD.	$ 84,978	$ 80,768
MAX ECHO TECHNOLOGY CORP.	-	116,104
BASSO INDUSTRY CORP.	-	4,095
Unlisted shares		
ASEP TEC CO., LTD.	26,591	42,940
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	153
HUA ZHONG VENTURE CAPITAL CO., LTD	122	122
INITIO CORPORATION	-	-
	$ 121,308	$ 253,646

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.

11. SUBSIDIARIES

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

Investor	Investee	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022
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
	EXCEL CELL ELECTRONIC ANHUI CO., LTD. (EXCEL Anhui)	100	100
	Neocene Technology (Anhui) Co., Ltd. (Neocene Anhui) (Original: Neocene Technology (Suzhou) Corp.)	100	-
	GOOD SKY ELECTRIC CO.,LTD (GOOD SKY ELECTRIC)	-	100
	Good Sky Electric (Malaysia) SDN. BHD.（Good Sky Malaysia）	-	100
	Simply Success Investments Ltd. （Simply Success）	-	100
Fulltron Samoa	EXCEL Cell Electronic Suzhou Co., Ltd. (EXCEL Suzhou)	100	100
Simply Success	Neocene Anhui	-	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 liquidated GOOD SKY ELECTRIC and Good Sky Malaysia in August 2023.

The Group conducted organizational restructuring due to operation and financial planning. In February 2023, Neocene Technology (Suzhou) Co., Ltd. was renamed as Neocene Technology (Anhui) Co Ltd. The company owned 100% equity of Neocene Anhui in June 2023, and Simply Success was liquidated.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	December 31, 2023	December 31, 2022
Associates that are not individually material		
Fuzetec Technology Co., Ltd. (Fuzetec Technology)	$ 241,926	$ 258,537

Name of Associate	Proportion of Ownership and Voting Rights December 31, 2023	Proportion of Ownership and Voting Rights December 31, 2022
Fuzetec Technology	24	24

Aggregate information of associates that are not individually material

	Years Ended December 31, 2023	Years Ended December 31, 2022
The Group’s share of		

Net profit for the year	$ 16,408	$ 38,396
Other comprehensive income (loss) for the year	(459)	279
Total comprehensive income for the year	$ 15,949	$ 38,675

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 2023 and 2022.

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2023	Balance at January 1	Additions	Disposals	Reclassified	Effect of foreign currency exchange differences	Balance at December 31
Cost						
Freehold Land	$ 712,391	$ -	$ -	$ 10,912	$ -	$ 723,303
Buildings	907,776	21,392	(892)	85,031	(7,231)	1,006,076
Machinery and Equipment	1,150,428	47,089	(21,588)	65,498	(6,731)	1,234,696
Other Equipment	761,013	23,297	(11,709)	58,682	(3,079)	828,204
Equipment under Installation and Construction in Progress	122,828	129,607	(2,764)	(205,376)	(131)	44,164
Cost Total	3,654,436	$ 221,385	($ 36,953)	$ 14,747	($ 17,172)	3,836,443
Accumulated depreciation						
Buildings	287,139	$ 28,730	($ 892)	$ -	($ 2,122)	312,855
Machinery and Equipment	679,208	82,249	(16,074)	-	(3,158)	742,225
Other Equipment	604,338	46,393	(6,494)	-	(2,672)	641,565
Accumulated depreciation Total	1,570,685	$ 157,372	($ 23,460)	$ -	($ 7,952)	1,696,645
	$2,083,751					$2,139,798

For the year ended December 31, 2022						
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

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount		
Land	$ 21,413	$ 22,356
Buildings	1,991	3,078
Transportation equipment	631	117
	$ 24,035	$ 25,551

	Years Ended December 31, 2023	Years Ended December 31, 2022
Additions to right-of-use assets	$ 744	$ -
Depreciation of right-of-use assets		
Land	$ 527	$ 530
Buildings	1,102	1,646
Transportation equipment	220	282
	$ 1,849	$ 2,458

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, 2023 and 2022.

b. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amounts		
Current portion	$ 1,387	$ 1,215
Noncurrent portion	$ 1,383	$ 2,136

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2023	December 31, 2022

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, 2023	Years Ended December 31, 2022
Expenses relating to short-term leases	$ 45	$ 64
Expenses relating to low-value asset leases	$ 657	$ 541
Total cash outflow for leases	$ 2,140	$ 2,656

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

	December 31, 2023	December 31, 2022
Lease commitments	$ 251	$ 725

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.

15. BORROWINGS

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Line of credit	$ 470,000	$ 410,000
Secured line of credit	100,000	-
	$ 570,000	$ 410,000
Annual interest rate (%)		
Line of credit	1.60-1.79	1.38-1.69
Secured line of credit	1.68	-

b. Short-term bills payable

	December 31, 2023	December 31, 2022
Commercial paper	$ -	$ 380,000
Annual interest rate (%)	-	1.57-1.72

c. Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings	$ 431,180	$ 537,577
Secured borrowings	269,000	138,900
	700,180	676,477
Less: Current portion	(138,580)	(136,859)
Government subsidies	(12,090)	(9,273)
Long-term borrowings	$ 549,510	$ 530,345
Annual interest rate (%)		
Unsecured borrowings	1.85	1.725-5.60
Secured borrowings	1.80-1.85	1.725

Unsecured borrowings are categorized into working capital and purchasing machinery and equipment. Borrowings are made in installments within the credit limit with the period of the first borrowing as the borrowing period. The borrowing period for working capital is from December 2019 to December 2026; the borrowing period for purchasing machinery and equipment is from December 2019 to December 2029.

The secured borrowings were secured by land and buildings (refer to Note 25) which were differentiating between working capital and construction of plants. The borrowings within the credit limit are borrowed in installments with the period of the first borrowing as the borrowing period. The borrowings period for working capital is from May 2023 to April 2030; the borrowing period for construction of plants is from June 2021 to June 2031.

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.

16. OTHER PAYABLES

	December 31, 2023	December 31, 2022
Payable for salaries or bonuses	$ 54,840	$ 59,663
Payable for employees' compensation and remuneration to directors	806	12,541
Others	38,797	46,674
	$ 94,443	$ 118,878

17. 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, Neocene Anhui 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 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, 2023	December 31, 2022
Present value of defined benefit obligation	$ 85,731	$ 90,069
Fair value of plan assets	(94,457)	(91,514)
Net defined benefit liability (asset)	($ 8,726)	($ 1,445)

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, 2022	$ 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)

Service cost

Net interest expense (income)	1,156	(1,186)	(30)
Recognized in profit or loss	1,156	(1,186)	(30)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(810)	(810)
Actuarial loss - changes in demographic assumptions	40	-	40
Actuarial gain - changes in financial assumptions	765	-	765
Actuarial loss – experience adjustments	(5,484)	-	(5,484)
Recognized in other comprehensive income	(4,679)	(810)	(5,489)
Contributions from the employer	-	(1,762)	(1,762)
Benefits paid	(815)	815	-
Balance at December 31, 2023	$ 85,731	($ 94,457)	($ 8,726)

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, 2023	December 31, 2022
Discount rate (%)	1.20-1.25	1.30-1.35
Expected rate of salary increase (%)	2.00	2.00

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, 2023	December 31, 2022
Discount rate(s)		
0.25% increase	($ 1,895)	($ 2,105)
0.25% decrease	$ 1,962	$ 2,183

Expected rate(s) of salary increase		
0.25% increase	$ 1,942	$ 2,163
0.25% decrease	($ 1,885)	($ 2,096)
Turnover rate(s)		
10% increase	($ 12)	($ 27)
10% decrease	$ 12	$ 27

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, 2023	December 31, 2022
The expected contributions to the plan for the next year	$ 1,660	$ 1,760
The average duration of the defined benefit obligation (years)	8-11	9-11

18. EQUITY

a. Ordinary Shares

	December 31, 2023	December 31, 2022
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, 2023	December 31, 2022
Additional paid-in capital	$ -	$ 5,705
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	187,722	225,655
	$ 227,137	$ 270,775

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 2022 and 2021 were as follows:

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Legal reserve	$ 17,153	$ 16,139
Cash dividends	65,456	65,456
Cash dividends per share (NT$)	0.6	0.6

In the board of directors on March 2023 and 2022, the Company approved to distribute $43,638 thousand and $43,637 thousand of capital surplus as cash dividends, respectively.

The appropriation of earnings for 2023 that were approved in the board of directors on March 6, 2024 was as follows:

	Appropriation of Earnings
Legal reserve	$ 4,225
Cash dividends	32,728
Cash dividends per share (NT$)	0.3

The cash dividends mentioned above were approved in the board of directors on March 6, 2024, the appropriations of earnings for 2023 are subject to the resolution of the shareholders in their meeting to be held in May 2024.

d. Special Surplus Reserve

	December 31, 2023	December 31, 2022
Balance at January 1	$ 16,972	$ 19,870
Special reserve reversed		
Disposal of subsidies and associates	-	(2,898)
Balance at December 31	$ 16,972	$ 16,972

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, the special surplus reserve of $2,898 thousand is reversed.

19. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other income

	Years Ended December 31, 2023	Years Ended December 31, 2022
Dividends	$ 11,682	$ 14,656
Others	17,720	16,285
	$ 29,402	$ 30,941

b. Other gains and losses

	Years Ended December 31, 2023	Years Ended December 31, 2022
Foreign exchange gain (loss)	$ 12,973	$ 45,693
Financial assets mandatorily classified as at FVTPL	4,800	(3,497)
Gain on disposal of property, plant and equipment	542	1,408
Gain on disposal of investment properties	-	10,626
Others	(3,287)	(2,012)
	$ 15,028	$ 52,218

c. Finance Costs

Information about capitalized interest is as follows:

	Years Ended December 31, 2023	Years Ended December 31, 2022
Capitalized interest amount	$ 600	$ 1,642
Capitalization rate (%)	1.85	1.07-1.60

d. Employee Benefits Expense, Depreciation and Amortization

Nature	Operating cost	Operating expenses and non-operating expenses	Total
Years Ended December 31, 2023			
Short-term benefits	$ 312,044	$ 146,089	$ 458,133
Post-employment benefits			
Defined contribution plan	12,292	6,027	18,319
Defined benefit plans (Note 17)	-	(30)	(30)
Other employee benefits	16,593	10,716	27,309
Depreciation	130,648	28,573	159,221
Amortization	959	4,289	5,248
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 17)	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

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, 2023 and 2022, which were approved by the Company's board of directors on March, 2023 and 2022, respectively, were as follows:

	Years Ended December 31, 2023		Years Ended December 31, 2022	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	4%	$ 465	4%	$ 8,302
Remuneration of directors	2%	233	2%	4,151

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, 2022 and 2021.

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.

20. INCOME TAX

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

	Years Ended December 31, 2023	Years Ended December 31, 2022
Current tax		
In respect of the current year	($ 26,240)	$ 39,570
Income tax on unappropriated earnings	3	4
Adjustments for prior years	(678)	1,772
	(26,915)	41,346
Deferred tax		
In respect of the current year	14,596	13,222
Adjustments for prior years	655	(2,961)
	15,251	10,261
Income tax expense (profit) recognized in profit or loss	($ 11,664)	$ 51,607

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

	Years Ended December 31, 2023	Years Ended December 31, 2022
Income tax expense calculated at the statutory rate	$ 5,981	$ 54,684
Tax-exempt income	(7,844)	(13,149)
Unrecognized loss carryforwards and deductible temporary differences	(7,889)	8,833
Nondeductible expenses	2,411	2,424
Income tax adjustments on prior years	(23)	(1,189)
Income tax on unappropriated earnings	3	4
Discount on offshore earnings	(4,303)	-
Income tax expense (profit) recognized in profit or loss	($ 11,664)	$ 51,607

In July 2021, 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, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ 9,424	$ 4,822
Current tax liabilities		
Income tax payable	$ 15,380	$ 31,372

c. Deferred Tax Assets and Liabilities

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

For the year ended December 31, 2023	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit plans	$ 8,361	($ 37)	($ 1,098)	$ 7,226
Investments accounted for using the equity method	-	22,333	-	22,333
Provision for devaluation loss on obsolete and slow-moving inventories	7,375	(40)	-	7,335
Unrealized exchange losses	608	1,304	-	1,912
Provision for devaluation loss on financial assets	1,373	(655)	-	718
Others	762	(147)	-	615
	$ 18,479	$ 22,758	($ 1,098)	$ 40,139
Deferred tax liabilities				
Temporary differences				
Defined benefit plans	$ 5,561	$ 322	$ -	$ 5,883
Deferred tax	28,531	(499)	-	28,032
Investments accounted for using the equity method	7,121	(7,121)	-	-
Unrealized exchange gain	209	(209)	-	-
	$ 41,422	($ 7,507)	$ -	$ 33,915
For the year ended December 31, 2022				
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
Deferred tax liabilities				

For the year ended December 31, 2023	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
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

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

	December 31, 2023	December 31, 2022
Loss carryforwards	$ 103,582	$ 126,230
Deductible temporary differences	92,740	64,568
Investment loss	11,153	83,955
	$ 207,475	$ 274,753

e. Information about unused loss carryforwards

	Tax Loss Carryforwards	Expiry Year
EXCEL Anhui	$ 103,582	116

f. Income Tax Assessments

The income tax returns of the Company and PACER TECH through 2021 have been assessed by the tax authorities.

21. 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, 2023			
Basic EPS			
Net income available to common shareholders of the parent	$ 35,280	109,094	$ 0.32
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	77	
Diluted EPS			
Corporation adding effect of potentially dilutive ordinary shares	$ 35,280	109,171	$ 0.32
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

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.

22. 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.

23. 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, 2023	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 50,877	$ -	$ -	$ 50,877
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic listed shares	$ 212,384	$ -	$ -	$ 212,384
－Domestic unlisted shares	-	-	36,330	36,330
	$ 212,384	$ -	$ 36,330	$ 248,714
December 31, 2022				
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

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

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, 2023	Years Ended December 31, 2022
Balance at January 1	$ 52,679	$ 57,267
Unrealized gain (loss) on financial assets at FVTOCI	(16,349)	163
Return of capital due to capital reduction of invested companies	-	(83)
Invested companies closing	-	(598)
Disposal on equity of invested companies	-	(4,070)
Balance at December 31	$ 36,330	$ 52,679

c. Categories of Financial Instruments

	December 31, 2023	December 31, 2022
Financial assets		
Measured at FVTPL -		
Held for trading	$ 50,877	$ 46,077
Financial assets at amortized costs (Note 1)	969,189	1,214,303
Financial assets at FVTOCI - Equity instruments	248,714	253,646
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	1,569,445	1,778,919

Note 1: The balances included cash and cash equivalents, 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 27.

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 for 2023 and 2022 would decrease by $5,321 thousand and $7,544 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, 2023	December 31, 2022
Fair value interest rate risk		

Financial assets	$ 280,204	$ 254,502
Short-term notes payable	-	380,000
Lease liabilities	2,770	3,351
Long-term loans (include maturing within one year)	688,090	649,825
Interest rate risk on cash flow		
Financial assets	335,057	575,879
Short-term loans	570,000	410,000
Long-term loans (include maturing within one year)	-	17,379

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, 2023 and 2022 would decrease by $294 thousand and increase $186 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, 2023, and 2022. The Group had available unutilized short-term bank loan facilities of $1,297,820 thousand and $580,902 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, 2023				
Non-interest bearing liabilities	$ 311,253	$ 102	$ -	$ 311,355
Lease liabilities	1,456	1,405	-	2,861
Variable interest rate liabilities	570,000	-	-	570,000
Fixed interest rate liabilities	146,632	229,047	339,985	715,664
	$ 1,029,341	$ 230,554	$ 339,985	$ 1,599,880
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

24. 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

Related Party Name	Related Party Category
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
K.S.TERMINALS (SUZHOU) INC.	Other related parties

b. Sales of Goods

Related Party Category	Years Ended December 31, 2023	Years Ended December 31, 2022
Other related parties	$ 5,993	$ 8,612

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, 2023	Years Ended December 31, 2022
Other related parties	$ 23,855	$ 21,542
Associates	10,487	7,092
	$ 34,342	$ 28,634

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, 2023	Years Ended December 31, 2022
Other related parties	$ 30,022	$ 35,819

e. Other Non-operating Income

Related Party Category	Years Ended December 31, 2023	Years Ended December 31, 2022
Other related parties	$ 742	$ 586
Associates	583	554
	$ 1,325	$ 1,140

The income is mainly from technical services, management fees and other income.

f. Accounts Receivable, Net

Related Party Category	December 31, 2023	December 31, 2022
Other related parties	$ 1,368	$ 1,581

The allowance for impairment loss of accounts receivable and notes receivable were similar to third parties. Refer to Note 8 for the details.

g. Accounts Payable and Notes Payable

Related Party Category	December 31, 2023	December 31, 2022
Other related parties	$ 13,626	$ 16,720
Associates	4,139	2,430
	$ 17,765	$ 19,150

h. Acquisition of Property, Plant and Equipment

		Acquisition Price	
Related Party Category	Items	Years Ended December 31, 2023	Years Ended December 31, 2022
Other related parties	Other equipment	$ 1,833	$ 295

i. Compensation of Key Management Personnel

	Years Ended December 31, 2023	Years Ended December 31, 2022
Short-term employee benefits	$ 11,154	$ 14,962
Post-employment benefits	179	172
	$ 11,333	$ 15,134

The remuneration of directors and other key management was determined by the Compensation Committee based on the performance of individuals and market trends.

25. MORTGAGED AND PLEDGED ASSETS

The following assets were provided as collateral for long-term loans:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 1,055,327	$ 958,924

26. 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, 2023, the amount of the signed construction agreement was RMB $77,539 thousand, and the amount of unrecognized contractual commitments was RMB $4,510 thousand.

b. Unrecognized commitments

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	$ 10,116	$ 20,595

27. 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:

	December 31, 2023			December 31, 2022		
Financial assets	Foreign Currencies	Exchange Rate	Carrying Amount (NTD)	Foreign Currencies	Exchange Rate	Carrying Amount (NTD)
Monetary items						
USD	$ 18,195	30.66	$ 557,778	$ 26,534	30.66	$ 813,519
JPY	73,793	0.22	15,880	45,703	0.23	10,530
HKD	2,053	3.90	8,003	2,829	3.91	11,055
EUR	354	33.78	11,971	264	32.52	8,596
Financial liabilities						
Monetary items						
USD	839	30.66	25,725	1,929	30.66	59,144
JPY	14,775	0.22	3,180	23,356	0.23	5,381

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:

	Years Ended December 31, 2023		Years Ended December 31, 2022	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD: NTD)	$ 10,493	1 (NTD: NTD)	$ 43,785
RMB	4.37 (RMB: NTD)	2,480	4.40 (RMB: NTD)	1,920

28. 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

29. 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, 2023	Taiwan Company	China Subsidiaries	Other Segments	Adjustments and Eliminations	Consolidated
Revenue					
Revenue from External Customers	$1,093,808	$ 634,330	$ 68,314	$ -	$ 1,796,452
Intersegment revenue	81,831	67,533	15,213	(164,577)	-
Interest income	11,546	4,265	1,327	-	17,138
	$1,187,185	$ 706,128	$ 84,854	($ 164,577)	$ 1,813,590
Expense and loss					
Depreciation and amortization	$ 100,967	$ 62,308	$ 1,194	$ -	$ 164,469
Segment income	$ 100,967	($ 2,293)	$ 23,808	($ 7,080)	$ 25,372
Assets					
Investments accounted for using the equity method	$1,294,903	$ -	$ -	($1,052,977)	$ 241,926
Segment assets	$2,799,255	$ 1,150,463	$ 138,235	($ 112,438)	$ 3,975,515
Segment liabilities	$1,572,996	$ 198,909	$ 16,752	($ 108,323)	$ 1,680,334
Years Ended December 31, 2022					
Revenue					
Revenue from External Customers	$1,322,952	$ 797,784	$ 104,859	$ -	$ 2,225,595
Intersegment revenue	118,670	108,899	24,373	(251,942)	-
Interest income	1,614	1,004	295	-	2,913

	$1,443,236	$ 907,687	$ 129,527	($ 251,942)	$ 2,228,508
Expense and loss					
Depreciation and amortization	$ 96,659	$ 56,359	$ 3,695	$ -	$ 156,713
Segment income	$ 195,088	$ 22,505	$ 44,925	($ 40,786)	$ 221,732
Assets					
Investments accounted for using the equity method	$1,351,597	$ -	$ -	($1,093,060)	$ 258,537
Segment assets	$3,017,655	$ 1,198,552	$ 162,221	($ 110,341)	$ 4,268,087
Segment liabilities	$1,763,209	$ 220,528	$ 30,249	($ 107,849)	$ 1,906,137

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, 2023	Years Ended December 31, 2022
Semiconductors	$ 697,240	$ 902,725
Electronic components	610,900	752,804
Relays	270,610	309,939
Stepping Motor	217,702	260,127
Total	$ 1,796,452	$ 2,225,595

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, 2023	Years Ended December 31, 2022	December 31, 2023	December 31, 2022
Taiwan	$ 480,325	$ 525,285	$ 1,712,080	$ 1,675,479
Asia	1,052,445	1,310,850	560,949	571,444
Europe	201,919	291,704	-	-
United States of America	56,729	86,757	2,344	3,553
Others	5,034	10,999	-	8
	$ 1,796,452	$ 2,225,595	$ 2,275,373	$ 2,250,484

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:

Customers' Name	Years Ended December 31, 2023			Years Ended December 31, 2022		
	Amount		%	Amount		%
Customer A	$	195,971	11	$	208,619	9

Table 1

Excel Cell Electronic Company Limited and its subsidiaries

LENDING FUNDS TO OTHER PARTIES AND OR GUARANTEE

FOR THE YEAR ENDED DECEMBER 31, 2023

(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	Neocene Anhui	EXCEL Anhui	Other receivables from related parties	Y	$ 88,100 (RMB 20,000)	$ 86,018 (RMB20,000)	$ 73,115 (RMB17,000)	1%	The need for short-term financing	$ -	Operating capital and capital planning	$ -	—	$ -	$ 100,451	$ 100,451

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 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, 2023.

Note 6: The amount was eliminated upon consolidation.

Table 2

Excel Cell Electronic Company Limited and its subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

(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	$ 515,771	$ 95,430 (USD 3,000)	$ - (USD -)	$ - (USD -)	$ -	-	$ 1,289,429	Y	—	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 latest audited net assets the Group which certified by the accountant.

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.

Excel Cell Electronic Company Limited and its subsidiaries

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2023

(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							
	P-DUKE TECHNOLOGY CO., LTD.	Other related parties	Financial assets at fair value through other comprehensive income - current	737,142	$ 71,060	1	$ 71,060	
	INITIO CORPORATION	—	Financial assets at fair value through other comprehensive income - noncurrent	24,898	-	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	26,591	17	26,591	
	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	
	MAX ECHO TECHNOLOGY CORP.	Other related parties	Financial assets at fair value through other comprehensive income - noncurrent	3,827,843	84,978	11	84,978	
	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	50,877	-	50,877	
PACER TECH	Stock							
	P-DUKE TECHNOLOGY CO., LTD.	Other related parties	Financial assets at fair value through other comprehensive income - current	541,657	52,216	1	52,216	
	BASSO INDUSTRY CORP.	—	Financial assets at fair value through other comprehensive income - current	100,000	4,130	-	4,130	
	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 23.

Table 4

Excel Cell Electronic Company Limited and its subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

(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	$ 36,154	90 days for a monthly balance	2
			1	Net revenue from sale of goods	33,331	90 days for a monthly balance	2
		EXCEL Suzhou	1	Net revenue from sale of goods	19,704	60 days for a monthly balance	1
		ECE USA	1	Net revenue from sale of goods	16,416	T/T 60 days	1
		PACER TECH	1	Net revenue from sale of goods	12,379	45-105 days for a monthly balance	1
1	PACER TECH	ECE USA	3	Net revenue from sale of goods	12,620	Next month ends 45 days	1
2	EXCEL Anhui	EXCEL Suzhou	3	Net revenue from sale of goods	32,753	Next month ends 60 days	2
3	Neocene Anhui	EXCEL Anhui	3	Other receivables	73,240	Depends on the financial situation	2

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.

Table 5

Excel Cell Electronic Company Limited and its subsidiaries

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company (Note 4)	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	$ 41,737	USD 223	$ 7,559	
	PACER TECH (Note)	Taichung City	Trading of electronic products	9,610	9,610	1,919,600	80	64,946	$ 8,772	7,016	
	Fulltron Samoa (Note)	Republic of Mauritius	Investment holding company	388,928	388,928	11,650,000	100	380,537	USD 545	17,064	
	GOOD SKY ELECTRIC (Note 1)	Taichung City	Trading of electronic products	-	1,000	-	-	-	1,673	1,673	
	Fuzetec Technology	New Taipei City	Manufacturing of electronic parts	102,630	102,630	9,044,406	24	242,861	67,858	16,408	
	Good Sky Malaysia (Note 2)	Malaysia	Trading of electronic products	-	1,235	-	-	-	(MYR 2)	(15)	
	Simply Success (Note 3)	British Virgin Islands	Investment holding company	-	27,540	-	-	-	(USD 7)	(222)	

Note 1: GOOD SKY ELECTRIC completed liquidation in July 2023.

Note 2: Good Sky Malaysia completed liquidation in August 2023 in Malaysia.

Note 3: Simply Success completed liquidation in June 2023.

Note 4: The above intercompany transactions have been eliminated upon consolidation.

Table 6

Excel Cell Electronic Company Limited and its subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	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 5)	Carrying Amount as of Balance as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022 (Note 5)
					Outflow	Inflow						
EXCEL Suzhou (Note 7)	Processing, manufacturing and trading of electronic products	$ 337,205 (USD 11,000)	(Note 1)	$ 337,205 (USD 11,000)	$ -	$ -	$ 337,205 (USD11,000)	$ 17,172	100%	$ 17,172	$ 385,602	$ -
Good Sky Shenzhen (Note 7)	Processing, manufacturing and trading of electronic products	204,837 (USD 6,682)	(Note 2)	107,017 (USD 3,491)	-	-	107,017 (USD 3,491)	-	-	-	-	-
PACER INDUSTRIAL (SHANGHAI) COMPANY LIMITED (PACER Shanghai) (Note 7)	Trading of electronic products	6,131 (USD 200)	(Note 3)	6,131 (USD 200)	-	-	6,131 (USD 200)	-	-	-	-	-
Neocene Anhui (Note 7)	Manufacturing and trading of electronic parts	30,655 (USD 1,000)	(Note 4)	27,007 (USD 881)	-	-	27,007 (USD 881)	1,802	100%	1,802	102,225	-
EXCEL Anhui (Note 7)	Processing, manufacturing and trading of electronic products	643,755 (USD 21,000)	(Note 1)	643,755 (USD 21,000)	-	-	643,755 (USD 21,000)	(27,061)	100%	(27,061)	463,884	-

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6)
The Company	$ 1,114,984 (USD 36,372)	$ 1,161,119 (Note 6) (USD 37,877)	$ 1,512,697
PACER TECH	$ 6,131 (USD 200)	$ 6,131 (USD 200)	$ 80,000

Note 1: EXCEL Suzhou invest through Fulltron Samoa; Good Sky Shenzhen invest through Good Sky BVI.
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: Neocene Suzhou has been renamed Neocene Anhui. Neocene Suzhou invest through Simply Success which invested by the Company in original. The Company change to hold Neocene Anhui directly on June 2023.
Note 5: Except for EXCEL Suzhou which was audited by the Parent Company Accountant, the other is not audited by the Parent Company Accountant.

Note 6: 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 7: 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 8: 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, 2023
(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	$ 36,154	7	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	($ 7,077)	4	$ -
			Sales	33,331	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	6,215	3	-
	EXCEL Suzhou	Subsidiary	Sales	19,704	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	6,694	3	-
EXCEL Anhui	EXCEL Suzhou	Subsidiary	Sales	32,753	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	9,970	16	-
EXCEL Suzhou	EXCEL Anhui	Subsidiary	Purchase	32,753	17	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	(9,970)	35	-

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, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
GUANG NA INVESTMENT CO., LTD	8,995,682	8.24%
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, 2023 and 2022, 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 31,2023 and 2022, 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, 2023. 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, 2023 is discussed as follows:

<u>Recognition of sales revenue</u>
The Company's main sales items are electronic components such as programmable switches, relays and lead frames. Certain products which significant growth in customers 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:

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

Other Matter

We did not audit the financial statements of Fuzetec Technology Co., Ltd. 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$241,926 thousand and NT$258,537 thousand, both constituting 6% of the Parent company only total assets as at December 31, 2023 and 2022, respectively, and the comprehensive loss recognized from investments accounted for under the equity method amounted to NT$15,949 thousand and NT$38,675 thousand, constituting 66% and 23% 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, 2023 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 6, 2024

EXCEL CELL ELECTRONIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
CODE	ASSETS	AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6)	$ 309,803	8	$ 530,733	12
1110	Financial assets at fair value through profit or loss – Current (Note 4 and 7)	50,877	1	46,077	1
1120	Financial assets at fair value through other comprehensive income – Current (Note 4 and 11)	71,060	2	-	-
1150	Notes receivable from unrelated parties (Note 4 and 8)	7,774	-	11,943	-
1170	Accounts receivable from unrelated parties (Note 4 and 8)	186,852	5	183,822	4
1180	Accounts receivable from related parties (Note 4, 8 and 21)	18,102	-	26,294	1
1200	Other receivables net (Note 17 and 21)	4,624	-	964	-
1310	Inventories (Notes 4 and 9)	260,274	6	311,804	7
1470	Other current assets	7,559	-	13,741	-
11XX	Total current assets	916,925	22	1,125,378	26
	NONCURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income – Noncurrent (Note 4 and 10)	121,125	3	196,953	5
1550	Investments accounted for using equity method (Note 4 and 11)	1,294,903	32	1,351,597	31
1600	Property, plant and equipment (Notes 4, 12, 21, 22 and 23)	1,602,505	39	1,535,115	35
1780	Intangible assets (Notes 4)	37,855	1	38,649	1
1840	Deferred income tax assets (Notes 4 and 17)	39,426	1	17,122	-
1915	Prepayment for equipment	69,646	2	98,543	2
1975	Net defined benefit asset – Noncurrent (Note 4 and 14)	9,699	-	2,724	-
1990	Other noncurrent assets	2,074	-	3,171	-
15XX	Total noncurrent assets	3,177,233	78	3,243,874	74
1XXX	TOTAL	$ 4,094,158	100	$ 4,369,252	100
CODE	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Note 13)	$ 570,000	14	$ 410,000	10
2110	Short-term bills payable (Note 13)	-	-	380,000	9
2170	Notes and accounts payables to unrelated parties	160,650	4	134,623	3
2180	Notes and accounts payables to related parties (Note 21)	25,586	-	38,970	1
2200	Other payables (Notes 21)	75,706	2	98,802	2
2230	Current tax liabilities (Notes 4 and 17)	5,797	-	10,868	-
2313	Deferred income (Note 4 and 13)	2,689	-	2,194	-
2320	Long-term loans - current portion (Note 13)	138,580	3	119,480	3
2399	Other current liabilities	28,980	1	15,925	-
21XX	Total current liabilities	1,007,988	24	1,210,862	28
	NONCURRENT LIABILITIES				
2540	Long-term loans (Note 13 and 22)	549,510	14	530,345	12
2570	Deferred income tax liabilities (Notes 4 and 17)	5,883	-	12,637	-
2630	Long-term deferred income (Note 4 and 13)	9,615	-	9,365	-
25XX	Total noncurrent liabilities	565,008	14	552,347	12
2XXX	Total liabilities	1,572,996	38	1,763,209	40
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
3110	Capital stock	1,090,938	27	1,090,938	25
3200	Capital surplus	227,137	6	270,775	6
	Retained earnings				
3310	Legal reserve	329,350	8	312,197	7
3320	Special reserve	16,972	1	16,972	1
3350	Unappropriated earnings	753,337	18	793,700	18
3400	Other equity	103,428	2	121,461	3
3XXX	Total equity	2,521,162	62	2,606,043	60
	TOTAL	$ 4,094,158	100	$ 4,369,252	100

The accompanying notes are an integral part of the Parent company only financial statements.
(With Deloitte & Touche auditors' report dated March 6, 2024)

EXCEL CELL ELECTRONIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	OPERATING REVENUE, NET (Note 4 and 21)	$ 1,175,640	100	$ 1,441,622	100
5000	OPERATING COSTS (Notes 10, 17 and 21)	1,005,357	86	1,147,088	79
5900	GROSS PROFIT	170,283	14	294,534	21
	OPERATING EXPENSES (Notes 16)				
6100	Selling and marketing expenses	38,352	3	43,001	3
6200	General and administrative expenses	85,544	7	95,570	7
6300	Research and development expenses	81,026	7	79,498	5
6000	Total operating expenses	204,922	17	218,069	15
6900	PROFIT (LOSS) FROM OPERATIONS	(34,639)	(3)	76,465	6
	NON-OPERATING INCOME AND EXPENSES				
7050	Finance costs (Note 16)	(20,266)	(2)	(14,716)	(1)
7070	Share of profit of associates accounted for using the equity method (Note 4 and 11)	23,308	2	78,792	6
7100	Interest income	11,546	1	1,614	-
7190	Other income (Note 16 and 22)	18,728	2	20,392	1
7020	Other gains and losses (Note 16)	12,260	1	32,541	2
7000	Total non-operating income and expenses	45,576	4	118,623	8
7900	INCOME BEFORE INCOME TAX	10,937	1	195,088	14
7950	INCOME TAX EXPENSE (PROFIT) (Notes 4 and 17)	(24,343)	(2)	27,266	2
8200	NET PROFIT FOR THE YEAR	35,280	3	167,822	12

(Continued)

(Continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	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 14)	$ 5,367	-	$ 1,093	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(3,305)	-	(26,978)	(2)
8330	Share of the other comprehensive income of associates accounted for using the equity method (Note 11)	6,247	1	5,214	-
8349	Income tax related to items that will not be reclassified subsequently (Note 17)	(1,073)	-	(219)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(18,303)	(2)	24,102	2
8300	Other comprehensive gain (loss) for the year, net of income tax	(11,067)	(1)	3,212	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 24,213	2	$ 171,034	12
	EARNINGS PER SHARE (NT$, Note 18)				
9750	Basic	$ 0.32		$ 1.54	
9850	Diluted	$ 0.32		$ 1.53	

The accompanying notes are an integral part of the parent company only financial statements.
(With Deloitte & Touche auditors' report dated March 6, 2024)

EXCEL CELL ELECTRONIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Code		Share Capital (Note 15)	Capital Surplus (Note 15)	Retained Earnings (Note 15)			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, 2022	$ 1,090,938	$ 314,412	$ 296,058	$ 19,870	$ 703,769	($ 47,812)	$ 161,565	$ 2,538,800
	Appropriation of 2020 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
	Appropriation of 2022 earnings								
B1	Legal reserve	-	-	17,153	-	(17,153)	-	-	-
B5	Cash dividends	-	-	-	-	(65,456)	-	-	(65,456)
C15	Capital Surplus distribute to Cash dividends	-	(43,638)	-	-	-	-	-	(43,638)
D1	Net profit for the year ended December 31, 2023	-	-	-	-	35,280	-	-	35,280
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	4,345	(18,303)	2,891	(11,067)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	39,625	(18,303)	2,891	24,213
C7	Changes of associates accounted for using the equity method	-	-	-	-	2,621	-	(2,621)	-
Z1	BALANCE AT DECEMBER 31, 2023	$ 1,090,938	$ 227,137	$ 329,350	$ 16,972	$ 753,337	($ 42,013)	$ 145,441	$ 2,521,162

The accompanying notes are an integral part of the Parent company only financial statements.
(With Deloitte & Touche auditors' report dated March 6, 2024)

EXCEL CELL ELECTRONIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 10,937	$ 195,088
	Adjustments for:		
A20100	Depreciation expense	96,851	89,798
A20200	Amortization expense	4,116	6,861
A20300	Expected credit losses recognized (reversal)	(3)	(122)
A20400	Net profit of financial instruments at fair value through profit or loss	(4,800)	3,361
A20900	Finance costs	20,266	14,716
A21200	Interest income	(11,546)	(1,614)
A21300	Dividend income	(9,018)	(11,974)
A22400	Share of profit of subsidiaries and associates accounted for under equity method	(23,308)	(78,792)
A22500	Loss (gain) on disposal of property, plant and equipment, net	(158)	(787)
A23100	Loss on disposal of investments	747	3,936
A23700	Allowance for inventory valuation and obsolescence loss	5,748	7,485
A24100	Net unrealized loss on foreign currency exchange	4,144	1,744
A29900	Deferred Income	(2,477)	(1,950)
	Changes in operating assets and liabilities		
A31130	Notes receivable	4,169	6,990
A31150	Accounts receivable	810	74,035
A31180	Other receivables	(4,147)	(465)
A31200	Inventories	81,336	25,912
A31240	Other current assets	6,182	1,959
A32150	Notes and accounts payable	12,841	(99,848)
A32180	Other payables	(23,083)	2,312
A32230	Other current liabilities	13,055	3,480
A32240	Net defined benefit plan	(1,608)	(10,033)
A33000	Cash generated from operations	181,054	232,092
A33100	Interest received	11,546	1,614
A33200	Dividends received	48,873	51,253
A33300	Interest paid	(20,266)	(14,716)
A33400	Dividends paid	(109,094)	(109,093)
A33500	Income tax paid	(10,372)	(749)
AAAA	Net cash generated from operating activities	101,741	160,401

(Continued)

(Continued)

Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00020	Disposal of financial assets at fair value through other comprehensive	$ 1,462	$ 9,920
B00100	Purchase of financial assets at fair value through profit or loss	-	(44,480)
B00200	Disposal of financial assets at fair value through profit or loss	-	54,506
B01800	Purchase of investments accounted for using the equity method	(101,249)	(119,720)
B02300	Disposal of subsidiaries	128,595	118,004
B02400	Proceeds from capital reduction of investment	-	49,000
B02700	Payments for property, plant and equipment	(150,425)	(160,816)
B02800	Proceeds from disposal of property, plant and equipment	552	1,622
B03700	Decreased (Increased) in Refundable deposits	1,097	(843)
B04500	Payments for intangible assets	(3,322)	(4,736)
B07100	Increase in prepayments for equipment	(20,868)	(118,088)
BBBB	Net cash used in investing activities	(144,158)	(215,631)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	160,000	150,000
C00500	Increase in short-term bills payable	(380,000)	-
C01600	Proceeds from long-term loans	163,505	125,599
C01700	Repayment of long-term loans	(122,018)	(18,502)
CCCC	Net cash generated (outflow) from financing activities	(178,513)	257,097
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(220,930)	201,867
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	530,733	328,866
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 309,803	$ 530,733

The accompanying notes are an integral part of the parent company only financial statements.
(With Deloitte & Touche auditors' report dated March 6, 2024)

EXCEL CELL ELECTRONIC COMPANY LIMITED
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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 6, 2024.

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 2024.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the Company uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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.

d. Reclassification

Management consider that the funds repatriated under the 'The Management, Utilization, and Taxation of Repatriated Offshore Funds Act ' for substantive investments and related financial investments do not change the nature of the deposits. The Group can withdraw the amount immediately and the amount is more appropriate to classify the designated deposit as cash and cash equivalents. Consequently, the presentation of the consolidated balance sheet and consolidated cash flow statement was reclassified in 2023, with the financial assets measured at amortized cost reclassified as cash and cash equivalents. The book values of these assets as of December 31, 2023, December 31, 2022, and January 1, 2022, were NT$1,403 thousand, NT$18,347 thousand, and $53,245 thousand, respectively. The impact on cash flow items for the year 2022 is as follows:

	Adjustment
Cash outflow by investing activities	$ 34,898
Net decrease in cash and cash equivalents	$ 34,898

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:

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

5) 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

6) 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:

4) Liabilities held primarily for the purpose of trading;

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

6) 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 20.

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.

4) 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.

5) 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.

6) 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, 2023	December 31, 2022
Cash on hand	$ 875	$ 355
Checking accounts and demand deposits	209,031	407,370
Cash equivalents (Investment with original maturities of 3 months or less)		
Repurchase agreements collateralized by bonds	99,897	123,008
	$ 309,803	$ 530,733

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

	December 31, 2023	December 31, 2022
Repurchase agreements collateralized by bonds (%)	5.40-5.45	4.30

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

	December 31, 2023	December 31, 2022
Held for trading - Financial assets		
Non-derivative financial assets		
Mutual funds	$ 50,877	$ 46,077

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, 2023	December 31, 2022
Notes receivable - Unrelated parties		
At amortized cost	$ 7,774	$ 11,943
Accounts receivable - Unrelated parties		
At amortized cost	$ 187,244	$ 184,257
Less: Loss Allowance	(392)	(435)
	$ 186,852	$ 183,822

Accounts receivable - Related parties		
At amortized cost	$ 18,102	$ 26,295
Less: Loss Allowance	-	(1)
	$ 18,102	$ 26,294

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, 2023						
Expected credit loss rate	0.01%	1%	5%	10%	100%	
Gross carrying amount	$ 152,941	$ 35,057	$ 522	$ -	$ -	$ 188,520
Loss allowance (Lifetime ECL)	(15)	(351)	(26)	-	-	(392)
Amortized cost	$ 152,926	$ 34,706	$ 496	$ -	$ -	$ 188,128
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

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

	Years Ended	Years Ended

	December 31, 2023	December 31, 2022
Balance, beginning of year	$ 436	$ 558
Reversal	(3)	(122)
Actual Write-off	(41)	-
Balance, end of year	$ 392	$ 436

9. INVENTORIES

	December 31, 2023	December 31, 2022
Finished goods	$ 74,332	$ 107,913
Semi-finished goods	72,569	75,961
Work in process	22,131	25,076
Raw materials	90,997	102,104
Merchandise	245	750
	$ 260,274	$ 311,804

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, 2023 and 2022 were $5,748 thousand and $7,485 thousand respectively.

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

Investments in Equity Instruments

	December 31, 2023	December 31, 2022
Current		
Domestic Investments		
Listed shares		
P-DUKE TECHNOLOGY CO., LTD.	$ 71,060	$ -
Noncurrent		
Listed shares		
MAX ECHO TECHNOLOGY CORP.	$ 84,978	$ 80,768
P-DUKE TECHNOLOGY CO., LTD.	-	63,689
Unlisted shares		
ASEP TEC CO., LTD.	26,591	42,940
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

INITIO CORPORATION	-	-
	$ 121,125	$ 196,953

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.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2023	December 31, 2022
Investments in subsidiaries	$ 1,052,977	$ 1,093,060
Investments in associates	241,926	258,537
	$ 1,294,903	$ 1,351,597

a. Investments in Subsidiaries

Name of subsidiaries	December 31, 2023	December 31, 2022
Unlisted Company		
EXCEL Cell Electronic Anhui Co., Ltd. (EXCEL Anhui)	$ 463,884	$ 500,038
Fulltron Investments Limited（Fulltron Samoa）	380,537	370,900
Neocene Technology (Anhui) Co., Ltd. (Neocene Anhui)	102,225	-
PACER TECHNOLOGY CO., LTD. (PACER TECH)	64,593	58,598
Excel Cell Electronic (U.S.A.) Co., Ltd.（ECE USA）	41,738	34,284
Simply Success Investment Ltd.（Simply Success）	-	102,079
GOOD SKY ELECTRIC CO., LTD (GOOD SKY ELECTRIC)	-	27,145
Good Sky Electric (Malaysia) SDN. BHD.（Good Sky Malaysia）	-	16
	1,052,977	1,093,060

	Proportion of Ownership and Voting Rights	
Name of subsidiaries	December 31, 2023	December 31, 2022
EXCEL Anhui	100	100
Fulltron Samoa	100	100
Neocene Anhui	100	-
PACER TECH	80	80
ECE USA	100	100
Simply Success	-	100
GOOD SKY ELECTRIC	-	100
Good Sky Malaysia	-	100

The Company liquidated GOOD SKY ELECTRIC and Good Sky Malaysia in August 2023.

The company conducted organizational restructuring due to operation and financial planning. In February 2023, Neocene Technology (Suzhou) Co., Ltd. was renamed as Neocene Technology (Anhui) Co Ltd. The company owned 100% equity of Neocene Anhui in June 2023, and Simply Success was liquidated.

b. Investments in Associates

Investee	December 31, 2023	December 31, 2022
Associates that are not individually material		
Fuzetec Technology Co., Ltd. (Fuzetec Technology)	$ 241,926	$ 258,537

Investee	Proportion of Ownership and Voting Rights December 31, 2023	December 31, 2022
Fuzetec Technology	24	24

Aggregate information of associates that are not individually material

	Years Ended December 31, 2023	Years Ended December 31, 2022
The Group’s share of		
Net profit for the year	$ 16,408	$ 38,396
Other comprehensive income (loss) for the year	(459)	279
Total comprehensive income for the year	$ 15,949	$ 38,675

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 2023 and 2022.

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2023	Balance at January 1	Additions	Disposals	Reclassified	Balance at December 31
Cost					
Freehold Land	$ 712,391	$ -	$ -	$ 10,912	$ 723,303
Buildings	600,121	18,766	(892)	1,221	619,216
Machinery and Equipment	792,537	39,425	(14,740)	64,961	882,183
Other Equipment	601,219	16,499	(4,138)	50,658	664,238
Equipment under Installation and Construction in Progress	81,972	75,735	-	(113,543)	44,164
Cost Total	2,788,240	$ 150,425	($ 19,770)	$ 14,209	2,933,104
Accumulated depreciation					

Buildings	187,650	$ 14,408	($ 892)	$ -	201,166
Machinery and Equipment	543,386	54,649	(14,346)	-	583,689
Other Equipment	522,089	27,794	(4,139)	-	545,744
Accumulated depreciation Total	1,253,125	$ 96,851	($ 19,377)	$ -	1,330,599
Net amount for Property, plant and equipment	$ 1,535,115				$ 1,602,505

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

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 equipment	3-10 years
Others	2-20 years
Machinery equipment	2-10 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 22 for the carrying amount of property, plant and equipment pledged by the Company to secure borrowings granted to the Company.

13. BORROWINGS

a. Short-term Borrowings

	December 31, 2023	December 31, 2022
Line of credit	$ 470,000	$ 410,000
Secured line of credit (Note22)	100,000	-
	$ 570,000	$ 410,000

Annual interest rate (%)		
Line of credit	1.60-1.79	1.38-1.69
Secured line of credit	1.68	-

b. Short-term Bills Payable

	December 31, 2023	December 31, 2022
Commercial paper	$ -	$ 380,000
Annual interest rate (%)	-	1.57-1.72

c. Long-term Borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings	$ 431,180	$ 520,198
Secured borrowings	269,000	138,900
	700,180	659,098
Less: Current portion	(138,580)	(119,480)
Government subsidies	(12,090)	(9,273)
Long-term borrowings	$ 549,510	$ 530,345
Annual interest rate (%)		
Unsecured borrowings	1.85	1.725
Secured borrowings	1.80-1.85	1.725

Unsecured borrowings are categorized into working capital and purchasing machinery and equipment. Borrowings are made in installments within the credit limit with the period of the first borrowing as the borrowing period. The borrowing period for working capital is from December 2019 to December 2026; the borrowing period for purchasing machinery and equipment is from December 2019 to December 2029.

The secured borrowings were secured by land and buildings (refer to Note 22) which were differentiating between working capital and construction of plants. The borrowings within the credit limit are borrowed in installments with the period of the first borrowing as the borrowing period. The borrowings period for working capital is from May 2023 to April 2030; the borrowing period for construction of plants is from June 2021 to June 2031.

The Company 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 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.

14. 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, 2023	December 31, 2022
Present value of defined benefit obligation	$ 82,620	$ 86,894
Fair value of plan assets	(92,319)	(89,618)
Net defined benefit liability (asset)	($ 9,699)	($ 2,724)

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, 2022	$ 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
Recognized in other comprehensive income	6,148	(7,241)	(1,093)
Contributions from the employer	-	(1,583)	(1,583)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Benefits paid	(21,743)	13,126	(8,617)
Balance at December 31, 2022	86,894	(89,618)	(2,724)
Service cost			
Current service cost	$ -	$ -	$ -
Net interest expense (income)	1,113	(1,159)	(46)
Recognized in profit or loss	1,113	(1,159)	(46)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(795)	(795)
Actuarial loss - changes in demographic assumptions	40	-	40
Actuarial gain - changes in financial assumptions	732	-	732
Actuarial loss – experience adjustments	(5,344)	-	(5,344)
Recognized in other comprehensive income	(4,572)	(795)	(5,367)
Contributions from the employer	-	(1,562)	(1,562)
Benefits paid	(815)	815	-
Balance at December 31, 2023	$ 82,620	($ 92,319)	($ 9,699)

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, 2023	December 31, 2022
Discount rate (%)	1.20	1.30
Expected rate of salary increase (%)	2.00	2.00

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, 2023	December 31, 2022
Discount rate(s)		
0.25% increase	($ 1,812)	($ 2,017)
0.25% decrease	$ 1,876	$ 2,092
Expected rate(s) of salary increase		
0.25% increase	$ 1,856	$ 2,072
0.25% decrease	($ 1,802)	($ 2,008)
Turnover rate(s)		
10% increase	($ 12)	($ 27)
10% decrease	$ 12	$ 27

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, 2023	December 31, 2022
The expected contributions to the plan for the next year	$ 1,434	$ 1,528
The average duration of the defined benefit obligation	8 years	9 years

15. EQUITY

a. Ordinary Shares

	December 31, 2023	December 31, 2022
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, 2023	December 31, 2022
Additional paid-in capital	$ -	$ 5,705
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	187,722	225,655
	$ 227,137	$ 270,775

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 for 2022 and 2021 were as follows:

	For the Year Ended December 31,2022	For the Year Ended December 31,2021
Legal reserve	$ 17,153	$ 16,139
Cash dividends	65,456	65,456
Cash dividends per share (NT$)	0.6	0.6

In the board of directors in March, 2023 and 2022, the Company approved to distribute $43,638 thousand and $43,637 thousand of capital surplus as cash dividends, respectively.

The appropriation of earnings for 2023 that were approved in the board of directors on March 6, 2024 was as follows:

	Appropriation of Earnings
Legal reserve	$ 4,225
Cash dividends	32,728
Cash dividends per share (NT$)	0.3

The cash dividends mentioned above were approved in board of directors on March 6, 2024, the appropriations of earnings for 2023 are subject to the resolution of the shareholders' meeting to be held in May 2024.

d. Special Surplus Reserve

	December 31, 2023	December 31, 2022
Balance at January 1	$ 16,972	$ 19,870
Special reserve reversed		
Disposal of subsidies and associates	-	(2,898)
Balance at December 31	$ 16,972	$ 16,972

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, the special surplus reserve of $2,898 thousand is reversed.

16. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other Income

	Years Ended December 31, 2023	Years Ended December 31, 2022
Dividends	$ 9,018	$ 11,974
Others	9,710	8,418
	$ 18,728	$ 20,392

b. Other Gains and Losses

	Years Ended December 31, 2023	Years Ended December 31, 2022
Foreign exchange gain	$ 10,418	$ 39,051
Financial assets mandatorily classified as at FVTPL	4,800	(3,361)
Financial assets at fair value through profit or loss	(747)	(3,936)
Gain on disposal of property, plant and equipment	158	787
Others	(2,369)	-
	$ 12,260	$ 32,541

c. Finance Costs

Information about capitalized interest is as follows:

	Years Ended December 31, 2023	Years Ended December 31, 2022
Capitalized interest amount	$ 600	$ 1,642
Capitalization rate (%)	1.85	1.07-1.60

d. Employee benefits expense, depreciation and amortization

Nature	Operating cost	Operating expenses and non-operating expenses	Total
Years Ended December 31, 2023			
Short-term benefits			
Payroll expense	$ 206,491	$ 106,604	$ 313,095
Labor and health insurance expense	21,987	10,971	32,958
Post-employment benefits			
Defined contribution plan	8,516	3,797	12,313
Defined benefit plans (Note 14)	-	(46)	(46)
Remuneration of directors	-	233	233
Other employee benefits	10,646	4,862	15,508
Depreciation expenses	82,689	14,162	96,851
Amortization expenses	180	3,936	4,116
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 14)	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

For the years ended December 31, 2023 and 2022, the average number of employees of the Company was 612 and 645, respectively, which included both 4 non-employee directors. The calculation basis is consistent with employee benefits expense.

For the years ended December 31, 2023 and 2022, the average employee benefits expense was $615 thousand and $657 thousand, respectively. For the years ended December 31, 2023 and 2022, the average employee salary was $515 thousand and $560 thousand, respectively. The average employee salary was decreased by 8% 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, 2023 and 2022, which were approved by the Company's board of directors on March, 2023 and March, 2022, respectively, were as follows:

	Years Ended December 31, 2023		Years Ended December 31, 2022	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	4%	$ 465	4%	$ 8,302
Remuneration of directors	2%	233	2%	4,151

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, 2022 and 2021.

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.

17. INCOME TAX

a. The Major Components of Income Tax Expense Recognized in Profit or Loss

	Years Ended December 31, 2023	Years Ended December 31, 2022
Current tax		
In respect of the current year	$ 8,544	$ 11,026
Adjustments for prior years	(2,756)	1,450
	5,788	12,476
Deferred tax		
In respect of the current year	(30,131)	17,751
Adjustments for prior years	-	(2,961)
	(30,131)	14,790
Income tax expense (profit) recognized in profit or loss	($ 24,343)	$ 27,266

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

	Years Ended December 31, 2023	Years Ended December 31, 2022
Income tax expense calculated at the statutory rate (20%)	$ 2,187	$ 39,018
Tax-exempt income	(7,311)	(12,641)
Income tax adjustments on prior years	(2,756)	(1,511)
Nondeductible expenses	2,400	2,400
Discount on offshore earnings	(4,303)	-
Unrecognized deductible temporary differences	(14,560)	-
Income tax expense (profit) recognized in profit or loss	($ 24,343)	$ 27,266

b. Current Tax Assets and Liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ -	$ 488
Current tax liabilities		
Income tax payable	$ 5,797	$ 10,868

c. Deferred Tax Assets and Liabilities

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

For the year ended December 31, 2023	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit plans	$ 7,732	$ -	($ 1,073)	$ 6,659
Provision for loss on inventories	7,309	(45)	-	7,264
Investments accounted for using the equity method	-	22,371	-	22,371
Others	2,081	1,051	-	3,132
	$ 17,122	$ 23,377	($ 1,073)	$ 39,426

For the year ended December 31, 2023	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	5,561	322	-	5,883
	$ 12,637	($ 6,754)	$ -	$ 5,883
For the year ended December 31, 2022				
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
Deferred tax liabilities				
Temporary differences				
Investments accounted for	$ -	$ 7,076	$ -	$ 7,076

using the equity method				
Defined benefit plans	5,278	283	-	5,561
	$ 5,278	$ 7,359	$ -	$ 12,637

d. Income Tax Assessments

The income tax return of the Company through 2021 has been assessed by the tax authorities.

18. 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, 2023			
Basic EPS			
Net income available to the company	$ 35,280	109,094	$ 0.32
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	77	
Diluted EPS			
Company adding effect of potentially dilutive ordinary shares	$ 35,280	109,171	$ 0.32
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

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.

19. 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.

20. 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, 2023	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 50,877	$ -	$ -	$ 50,877
Financial assets at FVTOCI				
Investments in equity instruments				
— Domestic listed shares	$ 156,038	$ -	$ -	$ 156,038
— Domestic unlisted shares	-	-	36,147	36,147
	$ 156,038	$ -	$ 36,147	$ 192,185

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

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

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, 2023	Years Ended December 31, 2022
Balance at January 1	$ 52,496	$ 56,851
Unrealized gain (loss) on financial assets at FVTOCI	(16,349)	163
Invested companies closing	-	(448)
Disposal on equity of invested companies	-	(4,070)
Balance at December 31	$ 36,147	$ 52,496

c. Categories of Financial Instruments

	December 31, 2023	December 31, 2022
Financial assets		
Measured at FVTPL - Held for trading	$ 50,877	$ 46,077
Financial assets at amortized costs (Note 1)	529,229	756,927
Financial assets at FVTOCI - Equity instruments	192,185	196,953
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	1,520,032	1,712,220

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 Company had foreign currency sales and purchases, which exposed the Company 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 24.

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 for 2023 and 2022 would decrease by $3,993 thousand and $6,290 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, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	$ 99,897	$ 123,008
Short-term notes payable	-	380,000
Long-term loans (include maturing within one year)	688,090	649,825
Interest rate risk on cash flow		
Financial assets	209,031	407,370
Short-term loans	570,000	410,000

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 Company's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease by $451 thousand and decrease by $3 thousand, respectively, which was mainly attributable to the Company'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, 2023, and 2022. The Company had available unutilized short-term bank loan facilities of $1,297,820 thousand and $580,902 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, 2023				
Non-interest bearing liabilities	$ 186,236	$ -	$ -	$ 186,236
Variable interest rate liabilities	570,000	-	-	570,000
Fixed interest rate liabilities	146,632	229,047	339,985	715,664
	$ 902,868	$ 229,047	$ 339,985	$ 1,471,900
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

21. 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
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

Related Party Name	Related Party Category
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

b. Sales of goods

	Years Ended December 31, 2023	Years Ended December 31, 2022
Subsidiary	$ 81,832	$ 118,670
Other related parties	5,736	8,374
	$ 87,568	$ 127,044

The selling prices and transaction terms to related parties were similar to third parties.

c. Purchase of goods

	Years Ended December 31, 2023	Years Ended December 31, 2022
Subsidiary		
EXCEL Anhui	$ 36,154	$ 75,974
Other	4,701	11,872
	40,855	87,846
Associates	14,103	7,092
Other related parties	10,487	17,616
	$ 65,445	$ 112,554

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, 2023	Years Ended December 31, 2022
Other related parties	$ 29,813	$ 35,819

e. Other non-operating income

	Years Ended December 31, 2023	Years Ended December 31, 2022
Subsidiary	$ 882	$ 803
Other related parties	742	586
Associates	582	554
	$ 2,206	$ 1,943

The income is mainly from technical services, management fees and other income.

f. Accounts receivable, Net

	December 31, 2023	December 31, 2022
Subsidiary	$ 16,826	$ 24,798
Other related parties	1,276	1,496
	$ 18,102	$ 26,294

g. Accounts payable and notes payable

	December 31, 2023	December 31, 2022
Subsidiary		
EXCEL Anhui	$ 7,077	$ 19,665
Other	1,036	568
	8,113	20,233
Other related parties	13,334	16,307
Associates	4,139	2,430
	$ 25,586	$ 38,970

h. Other receivables

	December 31, 2023	December 31, 2022
Subsidiary	$ 17	$ 477

i. Acquisition of property, plant and equipment

	Items	Acquisition Price	
		Years Ended December 31, 2023	Years Ended December 31, 2022
Subsidiary	Machinery and Equipment	$ 8,025	$ -
Other related parties	Other equipment	1,832	295
		$ 9,857	$ 295

j. Disposal of property, plant and equipment

	Proceeds		Gain on Disposal	
	Years Ended December 31, 2023	Years Ended December 31, 2022	Years Ended December 31, 2023	Years Ended December 31, 2022
Subsidiary	$ 419	$ 835	$ 118	$ 88

k. Compensation of key management personnel

	Years Ended December 31, 2023	Years Ended December 31, 2022
Short-term employee benefits	$ 11,154	$ 14,962
Post-employment benefits	179	172
	$ 11,333	$ 15,134

The remuneration of directors and other key management was determined by the Compensation Committee based on the performance of individuals and market trends.

22. MORTGAGED AND PLEDGED ASSETS

The following assets were provided as collateral for long-term loans:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 1,055,327	$ 958,924

23. 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, 2023	December 31, 2022
Unrecognized contractual commitments - acquisition of property, plant and equipment	$ 4,707	$ 13,338

24. 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:

	December 31, 2023			December 31, 2022		
Financial assets	Foreign Currencies	Exchange Rate	Carrying Amount (NTD)	Foreign Currencies	Exchange Rate	Carrying Amount (NTD)
Monetary items						
USD	$ 13,444	30.66	$ 412,118	$ 21,289	30.66	$ 652,714
JPY	71,412	0.22	15,368	41,538	0.23	9,570
EUR	332	33.78	11,200	177	32.52	5,748
Investments accounted for using the equity method						
USD	32,242	30.66	988,384	32,854	30.66	1,007,317
Financial liabilities						
Monetary items						
USD	417	30.66	12,773	774	30.66	23,727

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	Years Ended December 31, 2023		Years Ended December 31, 2022	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Loss)	Exchange Rate	Net Foreign Exchange Losses
USD	31.11	$ 10,256	29.76	$ 31,350
EUR	33.50	597	31.16	1,502
JPY	0.22	(88)	0.23	794

25. ADDITIONAL DISCLOSURES

b. Information about material transactions and b. Information about investments in other enterprises

12) Lending funds to other parties and or guarantee: Table 1

13) Endorsements/guarantees provided: Table 2

14) Marketable securities held (excluding investments in subsidiaries and associates): Table 3

15) 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

16) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

17) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

18) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

19) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

20) Trading in derivative instruments: None

21) Information on investees: Table 4

e. Information on investments in mainland China

3) 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

4) 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:

g) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 6

h) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 6

i) The amount of property transactions and the amount of the resultant gains or losses: None

j) The balance of bill endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2

k) 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

l) 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

f. 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, 2023
(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	Neocene Anhui	EXCEL Anhui	Other receivables from related parties	Y	$ 88,100 (RMB 20,000)	$ 86,018 (RMB20,000)	$ 73,115 (RMB17,000)	1%	The need for short-term financing	$ -	Operating capital and capital planning	$ -	—	$ -	$ 100,451	$ 100,451

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 the equity of shareholders 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, 2023
(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	$ 515,771	$ 95,430 (USD 3,000)	$ - (USD -)	$ - (USD -)	$ -	-	$ 1,289,429	Y	—	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.

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, 2023
(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							
	P-DUKE TECHNOLOGY CO., LTD.	Other related parties	Financial assets at fair value through other comprehensive income - current	737,142	$ 71,060	1	$ 71,060	
	INITIO CORPORATION	—	Financial assets at fair value through other comprehensive income - noncurrent	24,898	-	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	26,591	17	26,591	
	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	
	MAX ECHO TECHNOLOGY CORP.	Other related parties	Financial assets at fair value through other comprehensive income - noncurrent	3,827,843	84,978	11	84,978	
	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	50,877	-	50,877	
PACER TECH	Stock							
	P-DUKE TECHNOLOGY CO., LTD.	Other related parties	Financial assets at fair value through other comprehensive income - current	541,657	52,216	1	52,216	
	BASSO INDUSTRY CORP.	—	Financial assets at fair value through other comprehensive income - current	100,000	4,130	-	4,130	
	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 20.

Table 4

Excel Cell Electronic Company Limited and its subsidiaries

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company (Note 4)	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	$ 41,737	USD 223	$ 7,559	
	PACER TECH	Taichung City	Trading of electronic products	9,610	9,610	1,919,600	80	64,946	$ 8,772	7,016	
	Fulltron Samoa	Republic of Mauritius	Investment holding company	388,928	388,928	11,650,000	100	380,537	USD 545	17,064	
	GOOD SKY ELECTRIC (Note 1)	Taichung City	Trading of electronic products	-	1,000	-	-	-	1,673	1,673	
	Fuzetec Technology	New Taipei City	Manufacturing of electronic parts	102,630	102,630	9,044,406	24	242,861	67,858	16,408	
	Good Sky Malaysia (Note 2)	Malaysia	Trading of electronic products	-	1,235	-	-	-	(MYR 2)	(15)	
	Simply Success (Note 3)	British Virgin Islands	Investment holding company	-	27,540	-	-	-	(USD 7)	(222)	

Note 1: GOOD SKY ELECTRIC completed liquidation in July 2023.

Note 2: Good Sky Malaysia completed liquidation in August 2023 in Malaysia.

Note 3: Simply Success completed liquidation in June 2023.

Table 5

Excel Cell Electronic Company Limited and its subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	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 7)	Processing, manufacturing and trading of electronic products	$ 337,205 (USD 11,000)	(Note 1)	$ 337,205 (USD 11,000)	$ -	$ -	$ 337,205 (USD 11,000)	$ 17,172	100%	$ 17,172	$ 385,602	$ -
Good Sky Shenzhen (Note 7)	Processing, manufacturing and trading of electronic products	204,837 (USD 6,682)	(Note 2)	107,017 (USD 3,491)	-	-	107,017 (USD 3,491)	-	-	-	-	-
PACER INDUSTRIAL (SHANGHAI) COMPANY LIMITED (PACER Shanghai) (Note 7)	Trading of electronic products	6,131 (USD 200)	(Note 3)	6,131 (USD 200)	-	-	6,131 (USD 200)	-	-	-	-	-
Neocene Anhui (Note 7)	Manufacturing and trading of electronic parts	30,655 (USD 1,000)	(Note 4)	27,007 (USD 881)	-	-	27,007 (USD 881)	1,802	100%	1,802	102,225	-
EXCEL Anhui (Note 7)	Processing, manufacturing and trading of electronic products	643,755 (USD 21,000)	(Note 1)	643,755 (USD 21,000)	-	-	643,755 (USD 21,000)	(27,061)	100%	(27,061)	463,884	-

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 6)
The Company	$ 1,114,984 (USD 36,372)	$ 1,161,119 (Note 6) (USD 37,877)	$ 1,512,697
PACER TECH	$ 6,131 (USD 200)	$ 6,131 (USD 200)	$ 80,000

Note 1: EXCEL Suzhou invest through Fulltron Samoa; Good Sky Shenzhen invest through Good Sky BVI.
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: Neocene Suzhou has been renamed Neocene Anhui. Neocene Suzhou invest through Simply Success which invested by the Company in original. The Company change to hold Neocene Anhui directly on June 2023.
Note 5: Except for EXCEL Suzhou which was audited by the Parent Company Accountant, the other are not audited by the Parent Company Accountant.
Note 6: 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 7: 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, 2023

(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	$ 36,154	7	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	($ 7,077)	4	$ -
			Sales	33,331	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	6,215	3	-
	EXCEL Suzhou	Subsidiary	Sales	19,704	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	6,694	3	-
EXCEL Anhui	EXCEL Suzhou	Subsidiary	Sales	32,753	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	9,970	16	-
EXCEL Suzhou	EXCEL Anhui	Subsidiary	Purchase	32,753	17	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	(9,970)	35	-

Table 7

Excel Cell Electronic Company Limited and its subsidiaries

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
GUANG NA INVESTMENT CO., LTD	8,995,682	8.24%
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, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Item	Foreign-currency	Exchange rates	Amount (TWD)
Cash in banks			
Checking accounts			$ 774
Demand deposits			19,902
Foreign currency deposits			
USD	4,754	30.66	145,728
RMB	4,391	4.30	18,884
EUR	299	33.78	10,114
JPY	39,611	0.22	8,524
GBP	25	38.95	955
HKD	1,064	3.90	4,150
			209,031
Cash on hand			875
Cash equivalents			
Repurchase agreements - USD	3,259	30.66	99,897
			$ 309,803

Statement 2

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF RECEIVABLES FROM UNRELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Notes receivable - Unrelated parties	
TW139	$ 3,278
LT017	1,234
SE092	563
PA020	414
Others (Note)	2,285
	$ 7,774
Accounts receivable - Unrelated parties	
TY030	$ 37,124
PT023	22,086
SP010	14,156
Others (Note)	113,878
	187,244
Less: Allowance for doubtful accounts	(392)
	$ 186,852

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, 2023
(In Thousands of New Taiwan Dollars)

Item	Cost	Market Value (Note)
Finished goods	$ 74,332	$ 88,766
Semi-finished goods	72,569	93,940
Work in process	22,131	26,268
Raw materials	90,997	100,523
Merchandise	245	961
	$ 260,274	$ 310,458

Note 1: The market value is based on net realizable value.
Note 2: Inventories were not pledged.

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	$ 42,940	17	-	$ -	-	$ 16,349	4,062,375	$ 26,591	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)	
INITIO CORPORATION	24,898	-	-	-	-	-	-	24,898	-	2	(Note 1)	(Note 2)	
		52,496			-		16,349		36,147				
Domestic listed shares													
MAX ECHO TECHNOLOGY CORP.	3,827,843	80,768	11	-	4,210	-	-	3,827,843	84,978	11	(Note 1)	(Note 2)	
P-DUKE TECHNOLOGY CO., LTD.	737,142	63,689	1	-	8,833	-	1,462	737,142	71,060	1	(Note 1)	(Note 2)	
		144,457			13,043		1,462		156,038				
		$ 196,953			$ 13,043		$ 17,811		$ 192,185				

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, 2023
(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	-	$ 500,038	100	-	$	-	$ -	$ -	($ 27,061)	($ 9,093)	-	$ 463,884	100	$ 463,884
Fulltron Samoa	11,650,000	370,900	100	-	-	-	-	-	17,064	(7,427)	11,650,000	380,537	100	385,445
Neocene Anhui	-	-	-	-	101,249	-	-	-	886	90	-	102,225	100	102,225
PACER TECH	1,919,600	58,598	80	-	-	-	-	(1,021)	7,016	-	1,919,600	64,593	80	63,700
ECE USA	2,500	34,284	100	-	-	-	-	-	7,559	(105)	2,500	41,738	100	41,838
Simply Success	2,820,000	102,079	100	-	-	2,820,000	(99,777)	-	(222)	(2,080)	2,820,000	-	-	-
GOOD SKY ELECTRIC	100,000	27,145	100	-	-	(100,000)	(28,818)	-	1,673	-	-	-	-	-
Good Sky Malaysia	375,163	16	100	-	-	(375,163)	-	-	(15)	(1)	-	-	-	-
Fuzetec Technology	9,044,406	258,537	24		-	-	-	(32,586)	16,408	(433)	9,044,406	241,926	24	241,934
		$1,351,597			$ 101,249		($ 128,595)	($ 33,607)	$ 23,308	($ 19,049)		$1,294,903		$1,299,026

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, 2023
(In Thousands of New Taiwan Dollars)

Type/Bank Name	Maturity Date	Interest Rate (%)	Amount
Unsecured Borrowings			
Mega International Commercial Bank Pei-Taichung Branch	113.12.14	1.79	$ 170,000
Cathay United Bank Taichung District Centre	113.03.23	1.76	150,000
The Shanghai Commercial & Savings Bank, Ltd. Chung Kang Branch	113.01.05	1.60	150,000
			470,000
Secured line of credit borrowings			
E.SUN BANK Taichung District Branch	113.02.14	1.68	100,000
			$ 570,000

Statement 7

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF PAYABLES TO UNRELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Amount
Notes payable – unrelated parties	
DS029	$ 1,984
Zhan XXX International	315
Others	1,404
	$ 3,703
Accounts payable – unrelated parties	
DE036	$ 87,567
Others (Note)	69,380
	156,947
	$ 160,650

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Statement 8

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF OTHER PAYABLES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Amount
Salaries and wages payable	$ 46,077
Other payables expense	25,943
Employee’s compensation payable	698
Others	2,988
	$ 75,706

Statement 9

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	2019.12.2-2026.12.02	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.	1.85	$ 102,538	$ 191,903	$ 294,441	—
Mega International Commercial Bank Pei-Taichung Branch	2019.12.30-2029.12.30	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.	1.85	16,941	112,993	129,934	—
				119,479	304,896	424,375	
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.	1.85	5,077	141,131	146,208	Land and Building
E.SUN BANK Taichung District Branch	2023.05.09-2030.04.15	The loan is a working capital loan with a grace period of three years (started in May 2023) and is repayable in four equal annual installments after the grace period.	1.80	14,024	103,483	117,507	Land and Building
				19,101	244,614	263,715	
				$ 138,580	$ 549,510	$ 688,090	

Note: Within the contract period.

Statement 10

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Quantity (In Thousands)	Amount
Semiconductors components	Around 6,836,871	$ 515,332
DIP Switch	Around 72,691	265,768
Electronic components	Around 56,404	205,061
Relays	Around 9,385	144,073
Stepping Motor	Around 10,014	61,233
Revenue total		1,191,467
Less: Sales return		(13,848)
Sales discount		(1,979)
Net revenue		$ 1,175,640

Statement 11

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials balance, beginning of year	$ 107,886
Raw material purchased	427,368
Raw materials, end of year	(98,197)
Others	(37,251)
Raw materials used	399,806
Direct labor	147,174
Manufacturing expenses	364,833
Manufacturing cost	911,813
Semi-finished goods, beginning of year	86,978
Semi-finished goods purchased	59,644
Semi-finished goods, end of year	(85,726)
Others	(43,368)
Work in process, beginning of year	25,106
Work in process, end of year	(22,159)
Cost of finished goods	932,288
Finished goods, beginning of year	123,477
Finished goods purchased	32,549
Finished goods, end of year	(89,678)
Others	(47,946)
Cost of finished goods	950,690
Merchandise, beginning of year	1,255
Merchandise purchased	14,857
Merchandise, end of year	(772)
Others	39,327
Total	$ 1,005,357

EXCEL CELL ELECTRONIC COMPANY LIMITED
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll	$ 17,593	$ 45,291	$ 43,720	$106,604
Depreciation expense	577	9,048	4,538	14,162
Others	20,182	31,205	32,768	84,156
	$ 38,352	$ 85,544	$ 81,026	$204,922