Stock Code:3323

加百裕工業股份有限公司

Celxpert Energy Corporation

2022

ANNUAL REPORT

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

Annual report inquiry website: http://mops.twse.com.tw
Company website: http://www.celxpert.com.tw

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V. Exchange for trading listed overseas securities: None

Methods for accessing the information on these securities: None.

VI. Company Website: http://www.celxpert.com.tw

Content

I. Letter to Shareholders

Dear shareholders:

First of all, thank you for attending the 2023 Annual General Meeting of our company.

We would like to report on the operating results for the year 2022 and the business outlook for the year 2023 as follows:

A. Annual Business Result of 2022

1. Business plan implementation results

   2022 consolidated revenue is NT$11.099 billion, it declined by 20.46% compared with NT$13.954 billion in 2021. The revenue is still affected by the stalemate in the Russia-Ukraine war and high inflation which resulting in the global economy weakens; terminal market demand weakens. With the adjustment of inventory by customer which continues to affect our shipping momentum, the overall revenue was affected.

   Thanks to the efforts of the Company's management team, despite the difficult political and economic environment in 2022, the revenue has maintained the growth level before the epidemic.

   (1) In the first half of the year, laptop battery packs were affected by factors such as China's lockdown, global inflation, and a sharp increase in CPI. In the second half of the year, the economic recovered. Customers focused on lowering the inventory level and clearance resulting in a decrease in revenue.
   (2) For battery modules of Netcom products, shipments slowed down due to factors such as factories shutdowns and material shortages affected by the epidemic. In the second half of the year, due to inflation and rising of interest rates, consumption momentum stagnated, resulting in a decrease in revenue.
   (3) Battery packs for power tools and gardening products: Due to the continuous impact of the Russia-Ukraine war and the global economic situation, the market didn't respond to the recession in time last year result in customers holding excess inventories.
   (4) Battery packs for E-bike: We entered the supply chain of brand factories in 2022. With the effect of automatic vehicles industries severe inventory problem, the original demand not only delays the shipment time, but also reduces the demand quantity.

2. Budget implementation

   The Company has not announced the financial forecast for 2022.

3. Financial balance and profit analysis

   (1) The consolidated operating status of 2022 is as below:

   Unit: Thousands of New Taiwan Dollars

Item	Year 2022	Year 2021
Net operating income	11,099,590	13,954,161
Operating cost	10,103,023	12,804,023
Operating profit	996,567	1,150,138
Operating expenses	809,437	804,531
Operating profit	187,130	345,607
Total non-operating income and expenditure	102,082	19,507
Net profit before tax	289,212	365,114
Income tax expense	68,667	111,038
net profit after tax	220,545	254,076
Earnings per share (NT$)	2.75	3.16

   (2) Financial revenue and expenditure and profitability analysis

Item	Year 2022	Year 2021

Return on assets %	3.52%	3.60%
Return on equity %	8.66%	10.21%
Net operating profit as a percentage of paid-in capital %	23.30%	43.03%
Net profit before tax as a percentage of paid-in capital %	36.01%	45.46%
Profit rate %	1.98%	1.82%

4. Research development status

Research and Development Expenditures and Achievements in the Last Three Years：

Year	Cost (Thousands of New Taiwan Dollars)	Successfully Developed Technology or Product
2020	235,789	1. 4KWH Lithium-Iron Energy Storage Battery Pack 2. 36V E-Bike In-Tube Lithium-Ion Battery Module 3. 25.6V Lithium-Ion Battery Pack for Aerial Work Vehicle 4. Low-Speed LED Optical Communication Technology 5. Remote Monitoring and Data Collection Technology 6. C-2 TernaryLithium-IonBattery SOC Algorithm
2021	239,052	1. Battery Cell Positive and NegativeTerminalAutomaticOpticalIdentification System 2.SpotWelding Servo Pressure Control System 3. Battery Pack BLE Bluetooth Communication Technology 4. K1 Lithium-Ion Battery SOCAlgorithm for Normal andHigh Temperature Region 5. Lithium-IonBatteryBuck andBoost Charging Technology 6. Battery Pack StructuralShock andVibration Simulation Technology
2022	232,941	1. BBU ORing Short Circuit Protection Technology 2. BBU ORV3 System Technology 3. MOLDEX Mold Flow Analysis Technology 4. E-Bike Dual Battery System Technology 5. K1 Lithium-Ion Battery SOC Algorithm for Low Temperature Region 6. Battery Pack Remote Firmware Update Technology 7. Lithium-ion Battery 2-Pulse SOH Algorithm

B. Summary of 2023 business plan

Looking forward to year 2023, the team will continue to cooperate with the existing customer base to carry out various product applications. In addition to development, we are also actively expanding battery pack products in other fields such as electric tools, electric vehicles, and energy storage applications.

The summary of the 2022 business plan is as follows:

(1) Business and important production and marketing policies

1. In addition to strengthening existing customer service, strive for product diversification to increase non-3C product portfolio items and increase the proportion of niche products.
2. Continue to invest in the research and development of new technologies and new products. Expand new customers.
3. Improve the intensity of the automated process and the efficiency of production capacity to reduce the impact of manpower demand and shortage.
4. Strengthen inventory and quality control, strengthen cooperation with development suppliers, and ensure cost-effective management.
5. The ongoing trade friction between China and the United States has caused geopolitics to heat up, we will continue to adjust production bases to meet customer needs.

(2) Expected sales volume and its basis

Looking back on 2022, due to the impact of the Russo-Ukrainian war, inflation has remained high, resulting in the overall economic weaken and end market demand was sluggish.

Looking forward to 2023, the epidemic impact in various countries will recover and the epidemic dividend will no longer be available. Laptops and Power tools battery packs demand will increase as customers continue to adjust the inventory level in the first half of 2023. The market trend tends to be conservative. Countries are vigorously promoting 5G infrastructure construction, which will promote the growth of the smart home and the Internet of Things industry. This will continue to drive the growth of the Company's Netcom products.

In addition, the revenue of energy storage products such as small and medium-sized energy storage systems and large-scale energy storage solutions is also increasing. The field of grid-level energy storage (MWh type) in Taiwan will also be able to make progress this year. It is expected that the revenue of energy storage related products will continue to grow in 2022.

In the future, the Company will continue to invest in the research and development of electric vehicles (E-Bike, E-Motor and electric ships, etc.) battery modules and energy storage-related battery modules for automatic production equipment. It is expected to use the advantage of technological innovation to make the Company's performance reach another peak.

The Company will also pay close attention to market changes. In addition to managing inventory risks, when the market reverses, it can meet the shipment demand as much as possible.

C. Future company development strategy

1. Actively develop products and new customers in new application fields, expand business scale and profitability.
2. Implement exclusive customer services for existing customers and strengthen patent and technical cooperation levels to obtain customer trust and then increase the proportion of orders placed with the Company.
3. Strengthen the design of automated production lines and fixtures to improve production efficiency and performance.
4. In line with the development trend of the green energy industry, develop energy storage and apply related products.
5. Strengthen the research and development of power batteries and energy storage application systems.

D. Impact of he external competitive environment, regulatory environment and overall business environment

1. The technical capability of China counterparts in 3C products has improved, and the pressure of competition is high.
2. Actively strengthen the supply chain of raw materials to solve the problem of shortage of spare parts in the future.
3. The cost of direct labor in China continues to rise rapidly due to the impact of the epidemic.
4. In the face of climate change and net-zero carbon emission regulations, strengthen the countermeasures.
5. The global tax reform and the new tax system will affect the competitiveness of enterprises.
6. The smart home and Internet of Things industries are expected to bring business opportunities for Netcom.
7. The awareness of environmental protection is rising, and the demand and sales volume of the energy storage industry are increasing.

Chairman: Shih-Ming Huang

II. Company Profile

2.1 Date of Incorporation

1. Establishment date: November 20, 1997
2. Address and phone numbers of the headquarters, branches, and factories:

   Headquarters: No.128, Gongwu Rd., Longtan Dist., Taoyuan City, Taiwan
   Phone: (03) 489-9054
   Fax: (03) 489-7320
   Factory: No.128, Gongwu Rd., Longtan Dist., Taoyuan City, Taiwan
   Phone: (03) 489-9054
   Fax: (03) 489-7320

2.2 Company History

1997	Nov.	Investment established Celxpert Energy Corporation with a registered capital of NT$13,587 thousands and a paid-in capital of NT$13,587 thousands.
1998	May	The company began operating after obtaining its business registration certificate.
1999	Jan.	The shareholders' meeting resolved to increase the capital by NT$27,912 thousands in cash. The registered capital was increased to NT$52,550 thousands, and the paid-in capital was increased to NT$41,499 thousands.
2000	Mar.	The shareholders' meeting resolved to increase the capital by NT$11,051 thousands in cash. The registered capital was increased to NT$52,550 thousands, and the paid-in capital was increased to NT$52,550 thousands.
2000	Jul.	The company fully introduced e-management processes such as WorkFlowERP and Notes. The shareholders' meeting resolved to increase the capital by NT$25,536 thousands in cash. The registered capital was increased to NT$139,000 thousands, and the paid-in capital was increased to NT$78,086 thousands.
	Sept.	The Investment Commission approved the company's investment in Celxpert Holdings Ltd. (BVI) in the British Virgin Islands, for a total of US$1.5 million in cash and US$0.4 million in machinery and equipment, both as capital, to indirectly invest in Mainland China's Celxpert Energy Corporation (Kunshan), which is engaged in the production and sales of parts for primary batteries and battery packs, as well as telecommunication devices.
	Dec.	The company was approved to be promoted to a bonded factory.
2001	Feb.	The company leased about 50 mu of land use rights for 50 years in Kunshan High-Tech Park in Mainland China.
	Sept.	The company obtained UL, CE, and TUV factory certifications.
	Oct.	The company independently developed and designed battery packs and began mass producing and shipping them to Compal Electronics, Inc..
	Dec.	The shareholders' meeting resolved to increase the capital by NT$4,626 thousands in cash. The registered capital was increased to NT$139,000 thousands, and the paid-in capital was increased to NT$82,712 thousands.
2002	Feb.	The company expanded its production lines to 11 in order to improve product efficiency and respond to customer orders.
	Mar.	The shareholders' meeting resolved to increase the capital by NT$22,289 thousands in cash. The registered capital was increased to NT$139,000 thousands, and the paid-in capital was increased to NT$105,000 thousands.
	May	The construction of a 1,500-ping factory in Kunshan High-Tech Park in Mainland China was completed.
2003	Jan.	The company obtained BVQi and ISO9001 2000 certification.
	Apr.	The company obtained Nemko factory certification.
	Jun.	The shareholders' meeting resolved to increase the capital by NT$95,000 thousands in cash. The registered capital was increased to NT$200,000 thousands, and the paid-in capital was increased to NT$200,000 thousands.
	Aug.	The Securities and Futures Commission approved the company to be a publicly traded company.
2004	Apr.	Celxpert Energy Corporation (Kunshan) began mass production.
	May	The shareholders' meeting approved the application for listing on the over-the-counter market.
	Jun.	Listing on the OTC market.
	Jul.	In the year 2003, the company handled earnings, employee, and shareholder dividends, with a paid-up capital of NT$256,036 thousands. The company purchased about 2810.1 square meters of land on Gongwu Road for future plant construction.
	Aug.	The company conducted a cash capital increase of NT$40,000 thousands with a paid-up capital of NT$296,036 thousands.
	Sept.	The Investment Commission approved the company's investment in Celxpert Holdings Ltd. (BVI) in the British Virgin Islands for USD 2 million, as indirect investment in mainland China Celxpert Energy Corporation (Kunshan)
2005	Sept.	The company conducted a capital increase through retained earnings and capital surplus of NT$84,341 thousands, with a paid-up capital of NT$380,377 thousands.

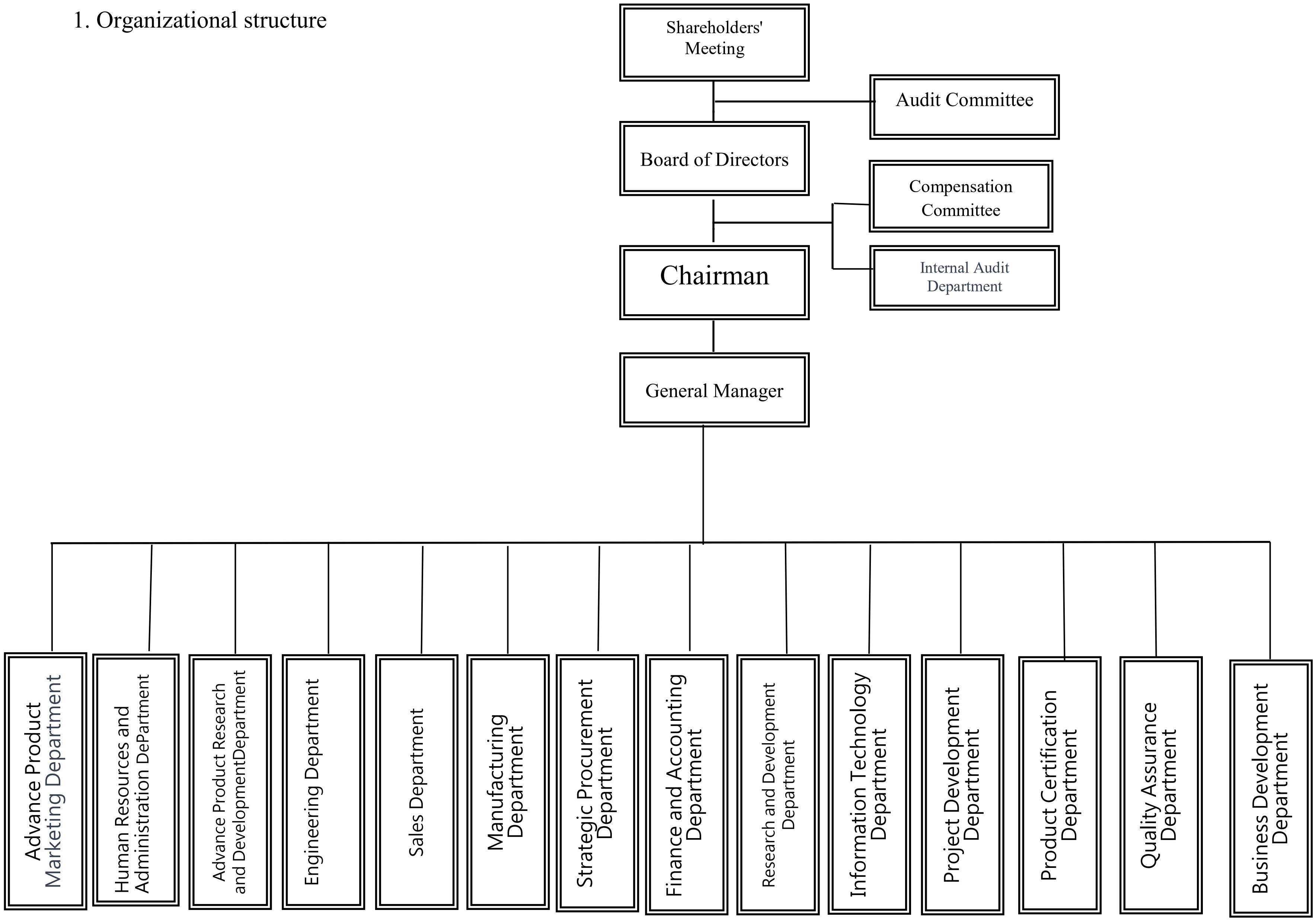
2006 Mar. The company also conducted a cash capital increase of NT$49,000 thousands, with a paid-up capital of NT$429,377 thousands.
Jun. The construction of the new plant on Gongwu Road was completed.
Oct. The company conducted a capital increase through retained earnings of NT$97,749 thousands, with a paid-up capital of NT$527,126 thousands.
2007 May The company was approved by the competent authority for stock trading on the OTC market.
Jun. The company's stock was officially listed for trading on the OTC market.
Jul. The company conducted a cash capital increase of NT$100,000 thousands, with a total paid-up capital of NT$627,125 thousands.
Aug. The company also conducted a capital increase through retained earnings of NT$115,559 thousands, with a total paid-up capital of NT$742,685 thousands.
2008 May The company issued NT$1 billion of unsecured convertible bonds domestically.
Aug. The investment structure of the indirect investment in mainland China's Celxpert Energy Corporation (Kunshan), was changed from direct investment to indirect investment through Celxpert Holdings Ltd. in the British Virgin Islands and further investment in Celxpert Energy (H.K.) Corporation in Hong Kong, and then indirect investment in mainland China's Celxpert Energy Corporation (Kunshan).
Aug. The company conducted a capital increase through retained earnings of NT$103,868 thousands, with a total paid-up capital of NT$846,553 thousands.
Sept. The SAP system project was implemented.
Dec. The company passed the CG6004 corporate governance system certification.
2009 Apr. The SAP system was fully launched.
Jul. The company conducted a capital increase through retained earnings of NT$50,480 thousands, with a total paid-up capital of NT$897,033 thousands.
Oct. The Ministry of Economic Affairs has approved the conversion of convertible corporate bonds into 11,981 thousand shares with a total paid-in capital of NT$909,014 thousands.
Nov. The Investment Commission has approved an indirect investment of US$9,000 thousands in Kunshan, Jiangsu Province, mainland China, through Celxpert Energy Corporation (Kunshan)
2010 Jan. The Ministry of Economic Affairs has approved the conversion of convertible corporate bonds into 44,127 thousand shares with a total paid-in capital of NT$953,141 thousands.
Apr. The Ministry of Economic Affairs has approved the conversion of convertible corporate bonds into 25,000 thousand shares with a total paid-in capital of NT$978,141 thousands.
Jul. The Investment Commission has approved an indirect capital increase of US$9,000 thousands in Kunshan, Jiangsu Province, mainland China, through Celxpert Energy Corporation (Kunshan)
Jul. The Ministry of Economic Affairs has approved the conversion of convertible corporate bonds into 1,415 thousand shares with a total paid-in capital of NT$979,556 thousands.
Aug. The retained earnings will be converted into capital increase of 48,136 thousand with a total paid-in capital of NT$1,027,692 thousands.
Oct. The Ministry of Economic Affairs has approved the conversion of convertible corporate bonds into 45,857 thousand shares with a total paid-in capital of NT$1,073,548 thousands.
2011 Jan. The Ministry of Economic Affairs has approved the conversion of convertible corporate bonds into 11,381 thousand shares with a total paid-in capital of NT$1,084,929 thousands.
Apr. The Ministry of Economic Affairs has approved the cancellation of 5,420 thousand treasury shares with a total paid-in capital of NT$1,079,509 thousands.
2011 Sept. The Ministry of Economic Affairs has approved the cancellation of 10,000 thousand treasury shares with a total paid-in capital of NT$1,069,509 thousands.
2011 Nov. The Ministry of Economic Affairs has approved the cancellation of 50,000 thousand treasury shares with a total paid-in capital of NT$1,019,509 thousands.
2012 Mar. The Ministry of Economic Affairs has approved the cancellation of 29,610 thousand treasury shares with a total paid-in capital of NT$989,899 thousands.
2012 Sept. The Investment Commission has approved the revocation of the investment in Celxpert Energy Corporation (Kunshan) in mainland China, with a liquidation capital of US$9,000 thousands.
2013 May The first unsecured convertible corporate bonds to mature in the domestic market will be delisted.
2014 Sept. The Ministry of Economic Affairs has approved the cancellation of 40,000 thousand treasury shares with a total paid-in capital of NT$949,899 thousands.
2015 Nov. The Ministry of Economic Affairs has approved the cancellation of 46,900 thousand treasury shares with a total paid-in capital of NT$902,999 thousands.
2016 Jul. The second unsecured convertible corporate bonds to mature in the domestic market will be delisted.
Aug. The Ministry of Economic Affairs has approved the cancellation of 35,000 thousand treasury shares with a total paid-in capital of NT$867,999 thousands.
2017 Nov. The board of directors has approved an investment of US$1,215 thousands in Indonesia.
2018 Mar. The Indonesian subsidiary held a pre-production opening ceremony at the Subang plant.
2018 Nov. The board of directors has approved the acquisition of 100% equity of KEELGO ENERGY CO., LTD.
2019 Mar. The Ministry of Economic Affairs has approved the cancellation of 10,970 thousand treasury shares with a total paid-in capital of NT$857,029 thousands.
2019 Aug. The Ministry of Economic Affairs approved the cancellation of treasury stocks worth NT$23,970 thousands, bringing the total paid-in capital to NT$833,059 thousands.

2020 Sept.	The Ministry of Economic Affairs approved the cancellation of treasury stocks worth NT$30,000 thousands, bringing the total paid-in capital to NT$803,059 thousands.
2020 Nov.	The board of directors approved an investment of US$10,000 thousands in Nantong, Jiangsu Province.
2020 Dec.	The Investment Commission approved an indirect investment in Jiangsu Province, mainland China, through an overseas company in Celxpert Energy Corporation (Nantong), with an investment amount of US$10,000 thousands.
2021 Nov.	The board of directors approved a cash capital increase of NT$20,000 thousands for its subsidiary Reten Energy Co., Ltd.
Nov.	Application was made to join the Science-Based Targets initiative (SBTi) and signed a commitment letter.
2022 Mar.	The board of directors approved the subsidiary KEELGO ENERGY CO., LTD. to change its corporate organization to KEELGO ENERGY CO., LTD.
May	The board of directors approved a capital reduction of NT$69,500 thousands and a cash capital increase of NT$100,000 thousands to make up for losses for its subsidiary KEELGO ENERGY CO., LTD.
Jul.	The Longtan factory passed the organization-based greenhouse gas verification of ISO 14064-1.
Sept.	The Kunshan factory passed the organization-based greenhouse gas verification of ISO 14064-1.
2023 Feb.	In the CDP 2022 assessment by the international non-profit organization, the company was awarded a "B" rating in the "Climate Change" category.
Mar.	The electric-assisted bicycle battery module is the first in Taiwan to be verified by the German TÜV Rheinland Carbon Footprint ISO14067.
Mar.	In the CDP 2022 assessment by the international non-profit organization, the company's "Supplier Engagement Rating (SER) score" was assessed as "A-".

III. Corporate Governance Report

3.1 Organization

1. Organizational structure



2. Business of Each Major Department

Department	Main Responsibilities
General Manager	1. The general manager carries out the resolutions of the board of directors under the direction of the chairman and supervises the business operations of each department of the company. 2. In charge of evaluating the company's operational goals and performance.
Internal Audit Department	1. Establishment, revision, and review of the company's internal control and internal audit systems. 2. Promotion of audits and follow-up improvement in each department, as well as execution of the company's self-assessment operations.
Sales Department	1. Develop annual sales and gross profit targets for products. 2. Grasp market, competitor, and market information, and review sales and business results. 3. Develop the optimal sales price, cost, and profit for the product models. 4. Responsible for tracking issues between volume production and EOL for products. 5. Manage quotation information and coordinate after-sales service. 6. Supervise and maintain quality objectives and customer satisfaction. 7. Manage inventory and A/R numbers to reduce risk and minimize losses. 8. Manage orders and shipments. 9. Maintain good relationships with existing customers and develop promotion strategies for new customers.
Advance Product Marketing Department	1. Identify target markets based on market information, secure key customers, develop business, and assist in planning the company's future business plans and development directions. 2. Grasp market, competitor, and market information, review sales and business results, and achieve sales and gross profit goals. 3. Responsible for developing sales strategies and gross profit targets for new products. 4. Supervise and track the maintenance of new product quality objectives, continuously improve customer satisfaction, and maintain good customer relationships. 5. Plan and execute exhibitions. 6. Responsible for new product project evaluation and management.
Project Development Department	1. Review and coordinate the design of new projects (internally and with clients). 2. Plan, schedule, and coordinate the development of new products from prototype to mass production. 3. Control and manage changes during the new product development stage. 4. Organize and archive project files. 5. Handle customer requests for design changes after production. 6. Manage product development schedules and processes. 7. RFQ technical and cost evaluation. 8. Coordinate with customer RFQ/QTR/QBR related departments. 9. Manage product costs and cost reduction. 10. Observe and analyze market and technology trends. 11. Integrate cross-functional issues and topics.
Product Certification Department	1. Battery safety evaluation, application, and certification procedures. 2. Evaluate and apply for product safety project costs. 3. Assist clients with safety regulations and problem response. 4. Evaluate laboratory equipment energy and testing capabilities. 5. Conduct internal safety testing. 6. Evaluate new battery factory development. 7. Evaluate and certify power cell specifications. 8. Establish and maintain battery inspection standards. 9. Conduct reverse engineering and structural analysis of batteries. 10. Coordinate UL, ETL, and TISI factory inspections. 11. Organize the HSF promotion team structure and responsibilities.
Strategic Procurement Department	1. Manage procurement plans and execution operations. 2. Select and manage suppliers, expand second source development and search. 3. Effectively control procurement costs. 4. Control incoming material delivery dates. 5. Control material obsolescence risk and disposal mechanism.
Quality Assurance Department	1. Plan and maintain the internal audit of quality/environmental/HSPM (ISO 9001/14001/QC 080000) systems. 2. Participate in new product projects and kickoff meetings. 3. Organize RMA return quantity and data analysis, issue feedback design, and process improvement. 4. Develop and revise various quality inspection standards and procedural documents. 5. Evaluate and manage new suppliers.

Department	Main Responsibilities
	6. Implement and certify the company's ISO quality system. 7. Investigate and report on new battery cell technology. 8. Certify and evaluate battery cell technology. 9. Manage green products (GP) and conflict mineral management. 10. Statistically analyze external failure costs of customer complaints. 11. Handle customer complaints and conduct risk assessment.
Research and Development Department	1. Responsible for the design, development, validation, and production of new product molds. 2. Responsible for the trial production and improvement of various products, and assisting in the production of customer approval documents for new products. 3. Responsible for creating and issuing material combination tables, technical documents, and customer approval documents for new products. 4. Responsible for the design, development, validation, and creation of test standards for new product electronic circuits.
Manufacturing Department	1. Responsible for the manufacturing and management of products, as well as the control and handling of non-conforming products during the production process. 2. Planning and optimizing production costs and capacity efficiency. 3. Ensuring arrangements for the transportation, storage, packaging, and delivery of finished and semi-finished products. 4. Supervising production progress, efficiency, and defect rates. 5. Arranging production plans and controlling and managing production progress. 6. Handling inventory management, packaging, shipping, and inventory counting. 7. Handling defective and scrapped products. 8. Annual customs inventory and scrap procedures. 9. Managing bonded warehouse accounting.
Engineering Department	1. Optimizing Taiwan production lines, improving yield rates, and enhancing process capabilities. 2. Conducting EP testing and preparing jigs for 3C products. 3. Developing, testing, and introducing various related work for power products. 4. Evaluating, testing, and improving various welding processes. 5. Assisting in supporting and resolving technical problems related to plant processes. 6. Evaluating, planning, and introducing new process technologies and equipment. 7. Confirming whether auxiliary materials required for procurement meet HSF requirements.
Advance Product Research and Development Department	1. Conducting technical research and development for power battery and energy storage battery modules. 2. Evaluating new product project technology, manpower, equipment, development platforms, and MCU selection. 3. Responsible for the design, development, validation, and creation of test standards for new product electronic circuits. 4. Conducting technical research and reporting on new product function validation and test standards.
Finance and Accounting Department	1. Utilization and management of short- and long-term funds. 2. Establishment of investment processing and financial systems. 3. Execution of financing and loan operations, as well as payment operations. 4. Establishment, implementation, and revision of accounting systems. 5. Summary, control, and analysis of results of annual budget execution. 6. Review of various original vouchers, compilation of management reports, and management of tax operations. 7. Processing of matters related to the board of directors, shareholders' meetings, and share operations. 8. Maintenance of investor relations.
Information Technology Department	1. Responsible for developing or implementing plans related to the development of various information systems, education and training, and maintenance work for the company. 2. Management of customized program development and maintenance for systems. 3. Planning of office automation and communication system operations. 4. Evaluating the company's need for information technology and proposing improvement plans. 5. Constructing computer information systems to ensure data security and perform damage repair. 6. Ensuring the smooth operation of information equipment in each department, analyzing workflow, and scheduling operations. 7. Ensuring the company's system information security and compliance with relevant intellectual property laws and regulations. 8. Handling IT department-related work items/significant matters/exception handling.

Department	Main Responsibilities
Human Resources and Administration Department	1. Management of general affairs and miscellaneous affairs. 2. Management and formulation of operating procedures related to fixed assets. 3. Employee recruitment, insurance, salary management, and personnel education and training. 4. Management, design, and revision of various personnel management regulations and reward and punishment systems. 5. Coordination and implementation of ESG-related projects/compilation of corporate sustainability reports/tracking of energy-saving and emission reduction/planning and implementation of social public welfare activities. 6. Formulation of corporate human resources policies, assistance in the development of company talents, and enhancement of corporate image. 7. Planning and execution of greenhouse gas carbon inventory projects.
Business Development Department	1. Developing new customers in target industries and grasping sustainable new projects with future development potential. 2. Grasping competitor information and collecting market intelligence. 3. Quoting, developing, mass producing, and managing the entire lifecycle of design changes until EOL (end-of-life) and grasping project information. 4. Planning and coordinating target market exhibitions.

3.2 Directors, Supervisors and Management Team

1. Director Information

April 17, 2023

Title	Name	Gender/ Age	Nationality or place of registration	Date of appointment to position	Date of election (appointment)	Term of office	Held shares at the time of election (appointment)		Current shareholding		Shares held by spouse and minor children		Holding of shares in the name of others		Main educational and career background	Current positions held in other companies	Manager with spouse or relatives within two degrees of relationship			Notes
							Number of shares held	Shareholding ratio	Number of shares held	Shareholding ratio	Number of shares held	Shareholding ratio	Number of shares held	Shareholding ratio			Title	Name	Relationship	
Chairman of the Board	Shih-Ming Huang (Note 1)	Male 71~80	R.O.C.	1997.11	2021.07.05	3 years	3,222,194	4.01%	3,145,194	3.92%	–	–	1,200,000	1.49%	. Master of Electrical Engineering, Georgia Institute of Technology, USA . General Manager, AUDIX CORPORATION . Engineering Manager, Purchasing Manager, and Deputy Director of Business, Compal Electronics, Inc.	. General Manager, this company . Chairman, Celxpert Holdings Ltd. (BVI) . Director, PT.Celxpert Energy Indonesia . Chairman, Celxpert Energy (H.K.) Ltd. . Chairman, Advance Smart Industrial Ltd. (BVI) . Chairman, Celxpert(Kunshan)Energy Co.,Ltd . Chairman, KEELGO ENERGY CO., LTD. . Chairman, Celxpert Energy Corporation (Changchun)	Director	Ching-Jung Huang	Second-degree relatives	None
Director	Yung-Tsai Chen	Male 61~70	R.O.C.	1997.11	2021.07.05	3 years	1,334,484	1.66%	1,334,484	1.66%	–	–	–	–	. Master of Business Management, College of Engineering, Tatung University . General Manager, UBP ASSET MANAGEMENT TAIWAN . Standard Chartered Bank Taiwan Ltd. and ABN AMRO Bank	. Independent Director, Apex International Co., Ltd.	None	None	None	None
Director	KangHuei Investment Co., Ltd	–	R.O.C.	2018.06.14	2021.07.05	3 years	2,363,000	2.94%	2,363,000	2.94%	–	–	–	–	-	-	None	None	None	None
	Legal Representative:Ling-Ju Huang	Female 31~40		2018.06.14	2021.07.05	3 years	–	–	75,000	0.09%	–	–	–	–	. Department of Textile and Clothing, Fu Jen Catholic University . Chairman, Tien Ti Fu Advertising Co., Ltd.	. Chairman, Tien Ti Fu Advertising Co., Ltd. . Chairman, KangHuei Investment Co., Ltd	None	None	None	None
Director	Hao Bai Limited	–	R.O.C.	2021.07.05	2021.07.05	3 years	500,000	0.62%	604,000	0.75%	–	–	–	–	-	-	None	None	None	None
	Legal Representative: Jung-Chou Lee	Male 41~50		2021.07.05	2021.07.05	3 years	–	–	–	–	–	–	–	–	. Department of Mechanical Engineering, National Chung Hsing University . Mold Engineer, Optics Mold Design Department, Asia Optical Co., Inc. . General Manager, Zhong Ying Optoelectronics . General Manager, Jing Mo Optics . General Manager, Zhong Yang Optoelectronics	. General Manager, Zhong Ying Optoelectronics . General Manager, Jing Mo Optics . General Manager, Zhong Yang Optoelectronics	None	None	None	None
Director	KAISENG INVESTMENT CO.	–	R.O.C.	2021.07.05	2021.07.05	3 years	1,480,000	1.84%	1,480,000	1.84%	–	–	–	–	–	–	None	None	None	None
	Legal Representative:Ching-Jung Huang	Female 41~50		2021.07.05	2021.07.05	3 years	–	–	80,780	0.10%	355	0.0%	280,000	0.35%	. Department of Nuclear Science, National Tsing Hua University . Vice President, Celxpert Energy Corporation . Chairman, KAISENG INVESTMENT CO.	. Vice General Manager of the company . Director of PT. Celxpert Energy Indonesia . Director of Celxpert Energy Corporation (Changchun) . Director of KEELGO ENERGY CO., LTD.	Chairman of the Board and General Manager	Shih-Ming Huang	Second-degree relatives	None
Director	Chien-Ting Chen	Male 51~60	R.O.C.	2015.06.24	2021.07.05	3 years	747,000	0.93%	747,000	0.93%	–	–	–	–	. Department of Business, National Taiwan University . Senior Vice President, Lien Chuang Investment Co., Ltd.	. Supervisor of AMICCOM Electronics Corporation., Ltd. . Supervisor of PET Pharm Biotech Co., Ltd. . Legal Representative of ASCENT DEVELOPMENT CO., LTD. . Legal Representative of Visual Photonics Epitaxy Co., Ltd.	None	None	None	None
Independent Director	Wei-Hung Lin	Male 61~70	R.O.C.	2006.02.22	2021.07.05	3 years	–	–	–	–	–	–	–	–	. Master's degree, Taiwan University of Science and Technology . Accountant, Kao Fu Accounting Firm	. Accountant at Kao, Fuh & Co. . Chairman of Kao, Fuh Management Consulting Co., Ltd. . Adjunct Lecturer at the Department of Industrial Management, National Taiwan University of Science and Technology . Supervisor of Asia Electronic Material Co ., Ltd.	None	None	None	None
Independent Director	Chih-Wei Tsai	Male 41~50 years old	R.O.C.	2021.07.05	2021.07.05	3 years	–	–	–	–	–	–	–	–	. Master's degree, Department of Accounting, National Chengchi University . Managing Accountant, Chengye Accounting Firm . Independent Director, TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD. . Independent Director, Universal Microwave Technology, Inc. . Independent Director, Yankee Engineering Co., Ltd.	. Practicing accountant, Chengye Accounting Firm . Independent director, Yankee Engineering Co., Ltd. . Independent director, TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD. . Independent director, Universal Microwave Technology, Inc.	None	None	None	None

Independent Director	Jan-Yan Lin	Male 61~70	R.O.C.	2018.06.14	2021.07.05	3 years	–	–	–	–	–	–	–	–	. Doctor of Business Administration, National Chengchi University . Professor, Department of Business Administration, Chung Yuan Christian University . Director, Global Taiwanese Business Research Center, Chung Yuan Christian University . Director at First Commercial Bank . Head of the Mainland China-Taiwan Business and Trade Network Project, Mainland Affairs Council . Deputy Dean of the College of Business, Chung Yuan Christian University	. Full-time professor at the Department of Business Administration, Chung Yuan Christian University . Director of the Global Taiwanese Business Research Center, Chung Yuan Christian University	None	None	None	None

Note 1: When the general manager or equivalent (the highest managerial personnel) and the chairman of the board are the same person, spouses or first-degree relatives, the relevant information should be disclosed regarding the reasons, rationality, necessity, and corresponding measures (such as increasing the number of independent directors and ensuring that more than half of the directors are not concurrently serving as employees or managerial personnel):
The chairman of the board of the company also serves as the general manager. This is to take into account the chairman's familiarity with the industry to which the company belongs, which can improve operational efficiency and decision-making execution. However, at present, more than half of the directors of the company do not concurrently serve as employees or managerial personnel of the company. The company has planned to elect an independent director at the 112th shareholders' meeting to enhance the functions of the board of directors and strengthen its supervisory role.

2. Main shareholders of the corporate shareholder who is a director:

April 17, 2023

Name of Corporate Shareholder	Main Shareholders of the Corporate Shareholder
KangHuei Investment Co., Ltd	Ling-Ju Huang (2%), Qi-Xiang Li (10%), Xiu-Mei Liao (10%), Xiu-Zhen Lou (15%), Qi-Song Xu (20%), Zheng-Yuan Huang (5%), Shu-Hui Zhong (5%), Yi-Chun Zhou (17%), Zao-Rong Huang (4%), Dai-Qi Yang (2%), Zong-Yuan Huang (10%)
Hao Bai Limited	VAST AREA LIMITED (100%)
KAISENG INVESTMENT CO.	Shih-Ming Huang (81.08%), Ching-Jung Huang (18.92%)

3. For a corporate shareholder, the main shareholders are the owners of that corporate shareholder:

April 17, 2023

Name of Corporate Shareholder	Main Shareholders of the Corporate Shareholder
VAST AREA LIMITED	DEVE&MAZIKI HAPPY LIVING LIMITED (100%)
DEVE&MAZIKI HAPPY LIVING LIMITED	Jung-Chou Lee (100%)

4. Professional knowledge and independence of directors:

(1) Disclosure of professional qualifications and independence of directors and supervisors:

Condition / Name	Professional qualification and experience	Independence status	The number of independent directors serving other publicly traded companies.
Chairman of the Board Shih-Ming Huang	1. Leadership experience of the Board of Directors (For work experience, please refer to page 11 of the director's information). 2. Professional experience in operational judgment, management, crisis handling, industry knowledge, international market outlook, leadership decision-making, etc. 3. No circumstances listed in Article 30 of the Company Law.	(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Director Yung-Tsai Chen	1. Professional experience in operational judgment, management, crisis handling, industry knowledge, international market outlook, etc. 2. No circumstances listed in Article 30 of the Company Law.	(1)(2)(4)(5)(6)(7)(8)(9)(10)(11)(12)	1

Director KangHuei Investment Co., Ltd Representative: Ling-Ju Huang	1. Professional experience in operational judgment, management, crisis handling, industry knowledge, international market outlook, etc. 2. No circumstances listed in Article 30 of the Company Law.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Director Hao Bai Limited Representative: Jung-Chou Lee	1. Professional experience in operational judgment, management, crisis handling, industry knowledge, international market outlook, etc. 2. No circumstances listed in Article 30 of the Company Law.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Director KAISENG INVESTMENT CO. Representative: Ching-Jung Huang	1. Professional experience in operational judgment, management, crisis handling, industry knowledge, international market outlook, etc. 2. No circumstances listed in Article 30 of the Company Law.	(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Director Chien-Ting Chen	1. Professional experience in operational judgment, management, crisis handling, industry knowledge, international market outlook, etc. 2. No circumstances listed in Article 30 of the Company Law.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent Director Wei-Hung Lin	1. Membership in the Remuneration Committee, Audit Committee, and leadership experience of the Board of Directors (For work experience, please refer to page 11 of the director's information). 2. Professional knowledge of the industry and financial accounting. 3. No circumstances listed in Article 30 of the Company Law.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent Director Chih-Wei Tsai	1. Membership in the Remuneration Committee, Audit Committee, and leadership experience of the Board of Directors (For work experience, please refer to page 11 of the director's information). 2. Professional knowledge of the industry and financial accounting. 3. No circumstances listed in Article 30 of the Company Law.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	3
Independent Director Jan-Yan Lin	1. Membership in the Remuneration Committee, Audit Committee, and leadership experience of the Board of Directors (For work experience, please refer to page 12 of the director's information). 2. Professional knowledge of the industry and financial accounting. 3. No circumstances listed in Article 30 of the Company Law.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0

Note: Independence status of each director and supervisor during the two years before and during their term of office. (Those who meet the criteria are disclosed in the table above.)

(1) Not an employee of the company or any of its related companies.

(2) Not a director or supervisor of the company or any of its related companies (except for independent directors established by the company, its parent company, subsidiary, or a subsidiary of the same parent company in accordance with this law or local laws and regulations, who are mutually appointed, and are not subject to this restriction).

(3) Neither the individual nor their spouse, minor children, or any natural person shareholder who holds more than 1% of the total issued shares of the company or is among the top ten shareholders, holding shares under another person's name.

(4) Not a manager listed in (1), or a spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of any person listed in (2) or (3).

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the company, is among the top five shareholders, or is appointed as a representative by the company's Article 27, Paragraph 1, or Paragraph 2, (except for independent directors established by the company, its parent company, subsidiary, or a subsidiary of the same parent company in accordance with this law or local laws and regulations, who are mutually appointed, and are not subject to this restriction).

(6) Not a director, supervisor, or employee of another company's board of directors, supervisors, or employees who control more than half of the company's issued shares or voting rights and are controlled by the same person, except for independent directors established by the company, its parent company, subsidiary, or a subsidiary of the same parent company in accordance with this law or local laws and regulations, who are mutually appointed, and are not subject to this restriction.

(7) Directors (supervisors) or employees of other companies or organizations who are not the chairman, general manager, or equivalent positions of the company, nor are they spouses of such persons, unless they are independent directors established in accordance with this law or local laws by the company, its parent company, subsidiary, or a subsidiary of the same parent company, and are mutually concurrently serving as directors (supervisors).

(8) Directors (supervisors), managers, or shareholders holding more than 5% of the shares of specific companies or organizations that have financial or business dealings with the company, unless they are independent directors established in accordance with this law or local laws by the company, its parent company, subsidiary, or a subsidiary of the same parent company, and are mutually concurrently serving as independent directors, provided that the specific company or organization holds more than 20% but no more than 50% of the total issued shares of the company.

(9) Professional individuals, sole proprietors, partnerships, companies, or organizations providing relevant services such as business, legal, financial, and accounting services to the company or related enterprises, whose cumulative compensation within the last two years does not exceed NT$500,000, and their spouses, shareholders, partners, directors (supervisors), or employees. However, this does not apply to members of the remuneration committee, public acquisition review committee, or merger special committee who perform their duties in accordance with relevant laws such as the Securities and Exchange Act or the Company Merger and Acquisition Act.

(10) Not having a spouse or a relative within the second degree of kinship with any other director.

(11) Not falling under any of the circumstances specified in Article 30 of the Company Act.

(12) Not being elected as a representative of the government, a legal entity, or its representative, as specified in Article 27 of the Company Act.

(2) Board of Directors' diversity and independence:

A. Board of Directors' diversity:

The structure of the company's Board of Directors should consider the company's scale of business development and the shareholding situation of its major shareholders, and determine an appropriate number of directors of no less than five based on practical operational needs. The composition of the Board of Directors should be diversified. Except for directors who also serve as executives of the company, the number of such directors should not exceed one-third of the total number of directors. The Board should also develop an appropriate diversity policy based on its own operations, business model, and development needs.

When appointing directors, the company not only considers their professional background but also values diversity among the directors. The company has a total of nine directors, including three independent directors. Among them, two are female directors, and the members' professional backgrounds cover management, science and engineering, accounting, and industry practitioners. The Board of Directors has diversified knowledge and academic backgrounds, which can provide professional advice from different perspectives, contributing greatly to improving the company's operating performance and management efficiency.

The proportion of directors who are also employees of the company is 22.22%, and the proportion of independent directors is 33.33%. The company also attaches importance to gender equality in the composition of the Board of Directors, with a target of a female director ratio of over 33.33%. Currently, there are nine directors, including two female directors, with a ratio of approximately 22.22%. More details about the diversity of the Board of Directors are as follows:

Diversified Core Projects / Director's Name	Basic Composition										Required Abilities							
	Nationality	Gender	Concurrently serving as company employee	Age					Years of service as independent director.		Operational Judgment	Accounting and Financial Analysis	Management	Industry Knowledge	Crisis Management	International Market Observation	Leadership	Decision-Making
				31-40 years old	41-50 years old	51-60 years old	61-70 years old	Over 71 years old	0-3 years	4-6 years								
Shih-Ming Huang	R.O.C.	Male																
Yung-Tsai Chen		Male										✓						
Ling-Ju Huang		Female																
Jung-Chou Lee		Male																
Ching-Jung Huang		Female			✓													
Chien-Ting Chen		Male																
Wei-Hung Lin		Male					✓			✓	✓	✓	✓	✓	✓	✓	✓	✓

Diversified Core Projects / Director's Name	Basic Composition										Required Abilities							
	Nationality	Gender	Concurrently serving as company employee	Age					Years of service as independent director.		Operational Judgment	Accounting and Financial Analysis	Management	Industry Knowledge	Crisis Management	International Market Observation	Leadership	Decision-Making
				31-40 years old	41-50 years old	51-60 years old	61-70 years old	Over 71 years old	0-3 years	4-6 years								
Chih-Wei Tsai		Male			✓				✓		✓	✓	✓	✓	✓	✓	✓	✓
Jan-Yan Lin		Male								✓								

B. Independence of the Board of Directors:

The company underwent a comprehensive election of its board of directors (including independent directors) in the year 2021. Currently, the board has a total of nine directors, with three of them being independent directors, accounting for 33.33% of the total. Apart from the fact that two directors, Huang Shiming and Huang Jingrong, are related within the second degree of consanguinity, there are no circumstances as defined by Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act between the other directors. Please refer to page 13 of the annual report for more information on the professional qualifications and independence of the directors and supervisors.

C. Succession Planning and Operation of the Board of Directors:

The company implements a diversified policy for the members of the board of directors in accordance with the Corporate Governance Best Practice Principles. Currently, the board has nine members, including three independent directors, with diverse complementary experiences in industries, finance, accounting, and other professional fields. Regarding the succession plan for the board of directors, the company cultivates senior executives to enter the board of directors, enabling them to become familiar with the operation of the board and the business of various units in the group, thereby enhancing management efficiency and decision-making execution capability.

The company continues to adhere to the following standards for the director succession plan:

①Integrity, responsibility, innovation, and decision-making ability, with professional knowledge and skills that contribute to the company's management and are consistent with the company's core values.

②The overall expertise of the board of directors should include corporate strategy, accounting and taxation, finance and banking, law, administration, and production management.

③In addition to the industry experience related to the company's business, the board of directors also hopes to have backgrounds in different industry fields. The addition of such members is expected to provide a board of directors that is effective, collaborative, diverse, and meets the needs of the company.

D. Succession Planning and Operation of Important Management Levels:

①The important management levels of the company are responsible for the related management and business operations within the organization, and each management level has a position agent. In addition to the necessary professional skills and experience, the values and management philosophy of the important management levels must be consistent with the company's business philosophy of "integrity, pragmatism, quality assurance, innovation, and excellence."

②To cultivate the important management levels and their position agents, the company plans and holds courses or lectures for senior executives (including the general manager) every year to understand global political and economic trends, technological industry prospects, external industry knowledge, new technology and management thinking, and the pulse of the times.

③To cultivate a leadership team, we plan and organize management training for middle and senior executives every year. The training focuses on future strategic planning and includes themed courses and discussions. Course topics include how to recruit suitable talents, performance management, building high-performance teams, managing the new generation of talents, talent development and leadership succession, effective meeting management and tracking, cost analysis and control, etc.

5. Initiator Information: N/A..

6. General Manager, Deputy General Manager, Director of various departments and branch offices information

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Title	Name	Gender	Nationality	Date of appointment	Ownership of Shares		Spouse, minor children holding shares		Holding shares in other people's names		Main educational and career background	Current positions held in other companies	Manager with spouse or relatives within two degrees of relationship			Situation of managers acquiring employee stock option certificates	Notes
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship		
General Manager	Shih-Ming Huang (Note 1)	Male	R.O.C.	2015.03.12	3,145,194	3.92%	–	–	1,200,000	1.49%	. Master of Electrical Engineering, Georgia Institute of Technology, USA . General Manager, AUDIX CORPORATION . Engineering Manager, Purchasing Manager, and Deputy Director of Business, Compal Electronics, Inc.	. General Manager, this company . Chairman, Celxpert Holdings Ltd. (BVI) . Director, PT.Celxpert Energy Indonesia . Chairman, Celxpert Energy (H.K.) Ltd. . Chairman, Advance Smart Industrial Ltd. (BVI) . Chairman, Celxpert(Kunshan)Energy Co.,Ltd . Chairman, KEELGO ENERGY CO., LTD. . Chairman, Celxpert Energy Corporation (Changchun)	Deputy General Manager	Ching-Jung Huang	Second-degree relatives	None	None
Chief Financial Officer	Chien-Yu Lin	Male	R.O.C.	2021.07.16	1,000	–	–	–	–	–	. Chief Financial Officer, YEM CHIO CO., LTD. . MBA, Drexel University, Pennsylvania, USA	. Director of Celxpert(Kunshan)Energy Co.,Ltd . Supervisor of Celxpert Energy Corporation (Nantong) . Supervisor of KEELGO ENERGY CO., LTD.	None	None	None	None	None
Deputy General Manager of Sales Department	Chin-Te Chen	Male	R.O.C.	2012.08.20	12,935	0.02%	1,403	0.0%	–	–	. Deputy Manager, AUDIX CORPORATION . Graduate of Southeastern College of Electronic Engineering	. Director of Celxpert(Kunshan)Energy Co.,Ltd	None	None	None	None	None
Deputy General Manager of Advance Product R&D Department	Cheng-Yang Tsai	Male	R.O.C.	2020.03.13	–	–	–	–	–	–	. Research and Development Manager at UMAX Computer Corporation . Researcher at Industrial Technology Research Institute . Master's degree in Electronical and Control Engineering from National Yang Ming Chiao Tung University	. Director of KEELGO ENERGY CO., LTD.	None	None	None	None	None
Deputy General Manager of General Manager Office	Ching-Jung Huang	Remale	R.O.C.	2020.05.08	80,780	0.10%	355	0.0%	280,000	0.35%	. Deputy General Manager, Celxpert Energy Corporation . Chairman of KAISENG INVESTMENT CO. . Department of Nuclear Science, National Tsing Hua University	. Deputy General Manager of this company . Director of PT.Celxpert Energy Indonesia . Director of Celxpert Energy Corporation (Changchun) . Director of KEELGO ENERGY CO., LTD.	General Manager	Shih-Ming Huang	Second-degree relatives	None	None
Manager of Project Development Department	Chun-Che Hsu	Male	R.O.C.	2023.03.10	–	–	–	–	–	–	. Manager of Project Development Department, Celxpert Energy Corporation Technology Co., Ltd. . Director of Product Development Department, LuxNet Corp. . Product Development Manager, AUO Corporation . Master of Department of Chemistry, National Taiwan University	None	None	None	None	None	None

Note 1: When the General Manager or equivalent (the highest executive officer) and the Chairman of the Board are the same person, are spouses, or are first-degree relatives, the reason, rationality, necessity, and corresponding measures (such as increasing the number of independent directors, and ensuring that more than half of the directors are not employees or executive officers) should be disclosed:

The Chairman of the Board of Directors of this company concurrently serves as the General Manager, considering that the Chairman of the Board is more familiar with the industry to which this company belongs, which can enhance operational efficiency and decision-making execution. However, currently, more than half of the directors of this company do not concurrently serve as employees or executive officers of this company. This company has planned to increase the number of independent directors by one at the 2023 annual shareholders' meeting to enhance the function of the board of directors and strengthen its supervision.

7. Compensation for directors, supervisors, general managers, and deputy general managers

(1) Remuneration of Directors (including Independent Directors)

NTD (thousand)/ Shares (thousand)

Title	Name	Remuneration of Directors								Director's Remuneration: The total amount of A, B, C, and D as a percentage of the net income after tax (Note 7)		Remuneration Received as an Employee								The total amount of A, B, C, D, E, F, and G as a percentage of the net income after tax (Note 10)		Whether or not received remuneration from subsidiaries or investee companies outside the company (Note 11)
		Compensation (A) (Note 2)		Retirement pay (B)		Director's remuneration (C) (Note 3)		Business execution expenses (D) (Note 4)				Salary, bonuses, and special allowances, etc. (E) (Note 5)		Retirement pay (F)		Employee compensation (G) (Note6)						
																The company		All companies listed in financial reports				
		The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	Cash amount	Stock amount	Cash amount	Stock amount	The company	All companies listed in financial reports	
Chairman of the Board	Shih-Ming Huang																					
Director	Yung-Tsai Chen																					
Director	Chien-Ting Chen																					
Director	KangHuei Investment Co., Ltd Ling-Ju Huang	-	-	-	-	4,914	4,914	69	69	4,983 2.26%	4,983 2.26%	5,497	6,313	108	108	1,482	-	1,482	-	12,070 5.47%	12,886 5.84%	Noen
Director	KAISENG INVESTMENT CO. Ching-Jung Huang																					
Director	Hao Bai Limited Jung-Chou Lee																					
Independent Director	Wei-Hung Lin																					
Independent Director	Chih-Wei Tsai	360	360	-	-	2,457	2,457	48	48	2,865 1.30%	2,865 1.30%	-	-	-	-	-	-	-	-	2,865 1.30%	2,865 1.30%	None
Independent Director	Jan-Yan Lin																					

1. Please specify the policy, system, standards, and structure for the remuneration of independent directors, and describe the correlation between their duties, risks, time commitment, and the amount of remuneration to be paid.
The remuneration for independent directors in our company is determined in accordance with Article 28 of our company's bylaws. If there are accumulated losses from previous years, they should be compensated first in the year when profits are generated, before any allocation is made for directors' remuneration and employee compensation. The remaining balance is then allocated based on the aforementioned proportion. The determination of remuneration for independent directors is linked to the evaluation results of director performance, which include their level of involvement and contribution to the company's operations, consideration of the company's performance and industry standards. These results are submitted to the Compensation Committee for review and approved by the Board of Directors.
2. In addition to the disclosure in the above table, the remuneration received by the directors of the company for their services (such as serving as consultants for the parent company/all companies in the financial report/reinvestment enterprises that are not employees, etc.) in the most recent year: None

Remuneration Ranges

Remuneration Ranges for directors of the company	Name of Director (including independent directors)			
	Total amount of the first four salary scales (A+B+C+D)		Total amount of the first seven salary scales (A+B+C+D+E+F+G)	
	The company(Note 8)	All companies listed in financial reports (H) (Note9)	The company(Note 8)	All companies listed in financial reports (I) (Note 9)
Below NTD 1,000,000	Shih-Ming Huang Yung-Tsai Chen Chien-Ting Chen KangHuei Investment Co., Ltd. Hao Bai Limited KAISENG INVESTMENT CO. Chih-Wei Tsai	Shih-Ming Huang Yung-Tsai Chen Chien-Ting Chen KangHuei Investment Co., Ltd. Hao Bai Limited KAISENG INVESTMENT CO. Chih-Wei Tsai	Yung-Tsai Chen Chien-Ting Chen KangHuei Investment Co., Ltd. Hao Bai Limited Chih-Wei Tsai	Yung-Tsai Chen Chien-Ting Chen KangHuei Investment Co., Ltd. Hao Bai Limited Chih-Wei Tsai
NTD 1,000,000 (inclusive) to NTD 2,000,000 (exclusive)	Wei-Hung Lin Jan-Yan Lin	Wei-Hung Lin Jan-Yan Lin	Wei-Hung Lin Jan-Yan Lin	Wei-Hung Lin Jan-Yan Lin
NTD 2,000,000 (inclusive) to NTD 3,500,000 (exclusive)	-	-	-	-
NTD 3,500,000 (inclusive) to NTD 5,000,000 (exclusive)	-	-	KAISENG INVESTMENT CO.	KAISENG INVESTMENT CO.
NTD 5,000,000 (inclusive) to NTD 10,000,000 (exclusive)	-	-	Shih-Ming Huang	Shih-Ming Huang
NTD 10,000,000 (inclusive) to NTD 15,000,000 (exclusive)	-	-	-	-
NTD 15,000,000 (inclusive) to NTD 30,000,000 (exclusive)	-	-	-	-
NTD 30,000,000 (inclusive) to NTD 50,000,000 (exclusive)	-	-	-	-
NTD 50,000,000 (inclusive) to NTD 100,000,000 (exclusive)	-	-	-	-
Above NTD 100,000,000	-	-	-	-
Total	9 people	9 people	9 people	9 people

Note 1: The names of directors (including independent directors) should be listed separately (for corporate shareholders, the names of the corporate shareholders and their representatives should be listed separately), and the amounts of various payments should be disclosed in an aggregated manner. If a director also serves as a general manager or deputy general manager, both Table (3-1) and the following Table (3-2-1) and (3-2-2) should be completed.

Note 2: Refers to the compensation of directors in the most recent year (including director salaries, job allowances, severance pay, various bonuses, incentive payments, etc.).

Note 3: Refers to the amount of director remuneration approved by the board of directors for distribution in the most recent year.

Note 4: Refers to the expenses incurred by directors in performing related business in the most recent year (including travel expenses, special allowances, various subsidies, dormitories, company cars, etc.). If housing, cars, and other means of transportation or personal expenses are provided, the nature and cost of the assets provided, the actual or fair market rental fees, fuel costs, and other payments should be disclosed. If a driver is provided, please specify the relevant compensation paid by the company to the driver, but it is not included in the director's remuneration.

Note 5: Refers to the remuneration received by directors and employees who also serve as directors (including the general manager, deputy general manager, other managers, and employees) in the most recent fiscal year, including salaries, job allowances, severance pay, various bonuses, incentive payments, travel expenses, special expenses, various subsidies, dormitories, and car allowances, etc. When providing assets such as houses, cars, and other means of transportation or expenses exclusive to individuals, the nature and cost of the provided assets, actual or fair market rent, fuel costs, and other payments should be disclosed. If there is a driver included, please note the relevant compensation paid by the company to the driver, but it is not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-based Payments", including the issuance of employee stock certificates, restricted employee rights to new shares, and participation in cash increases to subscribe for shares, should also be included in the remuneration.

Note 6: Refers to the disclosure of the remuneration (including stocks and cash) received by directors and employees who also serve as directors (including the general manager, deputy general manager, other managers, and employees) in the most recent fiscal year. The amount of employee remuneration approved by the board of directors in the most recent fiscal year should be disclosed, and if it cannot be estimated, the proposed distribution amount for this year should be calculated based on the actual distribution amount ratio of last year, and also listed in Attachment 1-3.

Note 7: The total amount of remuneration paid to all directors of all companies (including the company itself) should be disclosed in the consolidated report.

Note 8: The total amount of remuneration paid to each director of the company should be disclosed under the corresponding level of attribution, and the name of the director should be disclosed.

Note 9: The total amount of remuneration paid to each director of the company by all companies (including the company itself) should be disclosed under the corresponding level of attribution, and the name of the director should be disclosed.

Note 10: Net profit after tax refers to the net profit after tax in the most recent fiscal year in the individual or separate financial statements.

Note 11: a. This column should clearly state the amount of remuneration received by the company's directors from investments outside of subsidiaries or related to the parent company (if none, please indicate "none").

b. If the company's directors receive remuneration from investments outside of subsidiaries or related to the parent company, the remuneration received by the company's directors from outside of subsidiaries or related to the parent company should be included in column I of the remuneration level table, and the column name should be changed to "parent company and all investment companies."

c. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the company's directors in their capacity as directors, supervisors, or managers of investments outside of subsidiaries or related to the parent company.

Note 12: The estimated remuneration for directors and employees in the company's fiscal year 2022 was NT$7,372 thousands and NT$32,908 thousands, respectively, and has been approved by the board of directors.

Note 13: The net profit after tax for the individual financial statements and consolidated financial statements of the company in fiscal year 2022 was NT$220,606 thousands attributable to the parent company.

(2) Remuneration of supervisors: The audit committee has been established, N/A.

(3) Remuneration of the general manager and deputy general manager:

NTD (thousand)/ Shares (thousand)

Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonuses and special allowances (C) (Note 3)		Employee remuneration amount (D) (Note 4)				The proportion of the total of A, B, C, and D to the after-tax net income (%) (Note 8)		Whether to receive remuneration from investment businesses outside of subsidiaries (Note 9)
								The Company (Note 3)		All companies in the financial reports (Note 3)				
		The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial reports	
General Manager	Shih-Ming Huang	11,238	12,594	617	617	2,512	2,512	5,914	0	5,914	0	20,281 9.19%	21,637 9.81%	None
Senior Deputy General Manager	Cheng-Yang Tsai													
Deputy General Manager	Yao-Qing Chen (Note12)													
Deputy General Manager	Chin-Te Chen													
Deputy General Manager	Ching-Jung Huang													
Chief Financial Officer	Chien-Yu Lin													

Remuneration Ranges

Remuneration Ranges for General Manager and Deputy General Manager of the Company	Names of General Manager and Deputy General Manager: The Company(Note6)	Names of General Manager and Deputy General Manager: All companies in the financial reports(Note7)
Below NTD 1,000,000	—	–
NTD 1,000,000 (inclusive) to NTD 2,000,000 (exclusive)	–	–
NTD 2,000,000 (inclusive) to NTD 3,500,000 (exclusive)	Shih-Ming Huang, Yao-Qing Chen, Chin-Te Chen, Ching-Jung Huang, Chien-Yu Lin	Yao-Qing Chen, Chin-Te Chen, Ching-Jung Huang, Chien-Yu Lin
NTD 3,500,000 (inclusive) to NTD 5,000,000 (exclusive)	–	Shih-Ming Huang
NTD 5,000,000 (inclusive) to NTD 10,000,000 (exclusive)	Cheng-Yang Tsai	Cheng-Yang Tsai
NTD 10,000,000 (inclusive) to NTD 15,000,000 (exclusive)	-	-
NTD 15,000,000 (inclusive) to NTD 30,000,000 (exclusive)	-	-
NTD 30,000,000 (inclusive) to NTD 50,000,000 (exclusive)	-	-
NTD 50,000,000 (inclusive) to NTD 100,000,000 (exclusive)	-	-
Above NTD 100,000,000	-	-
Total	6 people	6 people

Note 1: The names of the general manager and deputy general manager should be separately listed to disclose the amount of each payment in summary. If a director concurrently serves as a general manager or deputy general manager, this form and the form (1-1) or (1-2-1) and (1-2-2) should be filled out.

Note 2: This form is used to fill in the salary, position allowance, and severance pay of the general manager and deputy general manager for the most recent year.

Note 3: This form is used to fill in various bonuses, incentives, transportation and entertainment expenses, special support fees, various allowances, dormitories, car allowances, and other compensation amounts provided in kind to the general manager and deputy general manager for the most recent year. If housing, cars, and other transportation or personal expenses are provided, the nature and cost of the assets provided, the actual or fair market rental, fuel costs, and other benefits should be disclosed. In addition, if there is a driver provided, please provide a note explaining the relevant compensation paid by the company to the driver, but it is not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-based Payments", including the acquisition of employee share certificates, restricted employee rights to new shares, and participation in cash capital increase subscription shares, should also be included in the remuneration.

Note 4: This form is used to fill in the employee compensation (including stocks and cash) distributed to the general manager and deputy general manager approved by the board of directors in the most recent year. If it cannot be estimated, the proposed distribution amount for this year should be calculated based on the actual distribution amount ratio of last year, and schedule 1-3 should also be filled out.

Note 5: The total amount of all companies (including this company) that provide various compensation to the general manager and deputy general manager of this company should be disclosed in the consolidated report.

Note 6: The total amount of various compensation paid by this company to each general manager and deputy general manager should be disclosed in the corresponding income bracket with the names of the general manager and deputy general manager.

Note 7: The total amount of remuneration paid to each general manager and deputy general manager of all companies (including this company) should be disclosed in the relevant level and the names of the general manager and deputy general manager should be disclosed.

Note 8: Net profit after tax refers to the net profit after tax in the most recent individual or separate financial reports.

Note 9: a. This column should clearly list the amount of remuneration received by the company's general manager and deputy general manager from non-subsidiary related investment businesses or parent companies (if none, please fill in "none").

b. If the company's general manager and deputy general manager receive remuneration from non-subsidiary related investment businesses or parent companies, the remuneration received by the general manager and deputy general manager from the non-subsidiary related investment business or parent company should be included in column E of the remuneration level table, and the column name should be changed to "parent company and all non-subsidiary related investment businesses".

c. Remuneration refers to the compensation, remuneration (including employee, director and supervisor remuneration) and business execution expenses received by the general manager and deputy general manager of this company in their capacity as directors, supervisors or managers of non-subsidiary related investment businesses or parent companies.

Note10: The estimated director and employee remuneration for the year 2022 of the Company are NTD 7,372 thousands and NTD 32,908 thousands, respectively, as stipulated in the articles of association and approved by the board of directors.

Note11: The net profit after tax for the individual financial statements and the net profit attributable to the parent company for the consolidated financial statements of the Company for the year 2022 were NTD 220,606 thousands.

Note12: Vice President Chen Yaoqing has retired as of January 1st, 2023.

(4) Allocation of Employee Remuneration to Managerial Personnel and Their Names

Unit: New Taiwan Dollars (Thousand)

	Title	Name	Stock Amount	Cash Amount	Total	Percentage of Total after-tax net income
Managerial Personnel	General Manager	Shih-Ming Huang	0	5,914	5,914	2.68%
	Senior Vice General Manager	Cheng-Yang Tsai				
	Vice General Manager	Yao-Qing Chen (Note 3)				
	Vice General Manager	Chin-Te Chen				
	Vice General Manager	Ching-Jung Huang				
	Chief Financial Officer	Chien-Yu Lin				

Note 1: The employee remuneration for the year 2022 of the Company is estimated to be NTD 32,908 thousands according to the Articles of Incorporation and has been approved by the Board of Directors.

Note 2: The after-tax net profit of the individual financial statement and consolidated financial statement attributable to the parent company for the year 2022 is NTD 220,606 thousands.

Note 3: Vice General Manager, Yao-Qing Chen, retired on 1st January 2023.

(5) If any of the following circumstances occur in a company, the remuneration of individual directors and supervisors should be disclosed:

A. If there has been a post-tax loss in individual or separate financial reports in any of the last three years, the remuneration of individual directors and supervisors shall be disclosed. However, if there has been a post-tax net profit in the most recent year's individual or separate financial reports, and it is sufficient to make up for accumulated losses: None.

B. If the percentage of shares held by a director is insufficient for three consecutive months in the most recent year, the remuneration of the individual director shall be disclosed. If the percentage of shares held by a supervisor is insufficient for three consecutive months in the most recent year, the remuneration of the individual supervisor shall be disclosed: None

C. If the average pledge ratio of directors and supervisors in any three months of the most recent year is greater than 50%, the remuneration of individual directors and supervisors whose pledge ratio exceeds 50% in each of those months shall be disclosed: None

D. If all directors and supervisors receive director and supervisor remuneration from all companies in the financial report, and it exceeds 2% of the after-tax net profit, and the remuneration received by individual directors or supervisors exceeds NT$15 million, the remuneration of the individual director or supervisor shall be disclosed: None

E. Listed and OTC companies are at the last level in the corporate governance evaluation results in the most recent year, or have changed trading methods, suspended trading, delisted from the market, or have been approved by the Corporate Governance Evaluation Committee as not subject to evaluation until the publication date of the annual report: None.

F. If the average annual salary of full-time employees who do not hold executive positions in the most recent year of a listed or OTC company is less than NT$500,000: None.

(6) The company and all the companies in the consolidated financial statements shall analyze and explain the total amount of remuneration paid to the directors, supervisors, general managers, and deputy general managers of the company in the latest two years as a percentage of the tax net profit of individual or separate financial reports. It shall also explain the policy, standards and combination of remuneration, the procedure for determining remuneration, and the relationship with business performance and future risks:

A. The total amount of remuneration paid to directors, supervisors, general managers, and deputy general managers as a percentage of the tax net profit of individual or separate financial reports.

Unit: NTD thousand; %

Item	Proportion of total remuneration to after-tax net income			
	2021		2022	
	This company	Consolidated financial statements of this company	This company	Consolidated financial statements of this company
Director	2.19%	2.19%	2.26%	2.26%
Independent Director	1.78%	1.78%	1.30%	1.30%
Supervisor	Establishing an audit committee, N/A.			
General Manager and Deputy General Manager	7.44%	8.11%	9.19%	9.81%

B. Policies, standards, and combinations for remuneration benefits, procedures for setting remuneration, and the relationship between operational performance and future risks.

a. The remuneration of the board of directors of the company is clearly stipulated in Article 28 of the company's articles of association. If there is a profit in the annual final account, up to 3% of the remuneration for the directors for that year will be allocated before tax as the remuneration for the directors.

The directors of the company only receive fixed remuneration for transportation expenses as part of their remuneration.

The company regularly evaluates the relevant performance of the directors based on the "Board of Directors' Performance Evaluation Method." The evaluation content includes the grasp of the company's goals and missions, the understanding of the directors' responsibilities, participation in the company's operations, internal relationship management and communication, and personal professional and continuing education, among others. The remuneration for the directors is approved based on the "Director's Compensation Disbursement Method" of the company, and the related performance evaluation and salary reasonableness are reviewed by the Compensation Committee and the Board of Directors.

The remuneration of the company's general manager and deputy general manager is evaluated based on the "Salary Management Method" and "Welfare Giving Operations Method" of the company. The evaluation content is based on individual KPI work performance results, organizational management, problem-solving and communication and coordination abilities, among other indicators. The related salary standards are reviewed by the Compensation Committee and the Board of Directors.

b. The quality of the operational performance of the directors, general manager, and deputy general manager of the company, as stipulated in the company's articles of association, affects the amount of remuneration.

c. The performance goals of the company's management are all integrated with risk management to ensure that possible risks within the scope of their responsibilities can be managed and prevented, and related salary and compensation policies are linked to actual performance results. The important decisions of the company's management are made after balancing various risk factors. The performance of these decisions is reflected in the company's profitability, and the remuneration of the company's management is related to the effectiveness of risk control.

3.3 The Status of Corporate Governance

1. Board of Directors Operations:

As of the date of the annual report publication, the Board of Directors has held 5 meetings

(A) from January 1, 2022 to April 17, 2023, with the attendance of directors as follows:

Title	Name (Note1)	Actual attendance frequency B	Proxy attendance frequency	Actual attendance rate [B/A]	Notes (Note 2)
Chairman	Shih-Ming Huang	5	0	100.00%	

Director	Yung-Tsai Chen	5	0	100.00%	
Director	Chien-Ting Chen	5	0	100.00%	
Director	KangHuei Investment Co., Ltd Representative: Ling-Ju Huang	5	0	100.00%	
Director	KAISENG INVESTMENT CO. Representative: Ching-Jung Huang	5	0	100.00%	
Director	Hao Bai Limited Representative: Jung-Chou Lee	4	0	80.00%	
Independent Director	Wei-Hung Lin	5	0	100.00%	
Independent Director	Jan-Yan Lin	5	0	100.00%	
Independent Director	Chih-Wei Tsai	5	0	100.00%	

Note 1: For directors and supervisors who are legal persons, the names of the shareholders of the legal person and the names of their representatives shall be disclosed.

Note 2:(1) If a director or supervisor resigns before the end of the year, the date of resignation should be noted in the remarks column, and the actual attendance rate (%) should be calculated based on the number of board meetings held during their tenure and their actual attendance rate.

(2) If a director or supervisor is re-elected before the end of the year, both the new and old directors or supervisors should be listed, and the remarks column should indicate whether the director or supervisor is newly appointed, re-elected, or continued, as well as the date of the election. The actual attendance rate (%) should be calculated based on the number of board meetings held during their tenure and their actual attendance rate.

Other matters to be recorded:

1. If the operation of the board of directors meets any of the following circumstances, the date, session, content of the motion, opinions of all independent directors, and the company's handling of the opinions of independent directors should be stated:
   (1) Items listed in Article 14-3 of the Securities Exchange Act:
   (2) Other board resolutions opposed or reserved by independent directors and recorded or in written statements, in addition to the above items.

Board of Directors	Agenda and Follow-up Processing	Items Listed in Securities and Exchange Act §14-3	Independent Director's Objections or Reservations
9th Board Meeting, 5th Session, March 4, 2022	(1) Drafting of the Audit Plan for the 2022 Fiscal Year and Revision of the Audit Plan for the 2021 Fiscal Year.		None
	(2) Recognition of Year-end Bonuses for Managers of the Company.		None
	(3) Discussion of the Performance Evaluation Criteria for Managers in 2021 Year and the Compensation Criteria for Performance in 2022 Year.		None
	(4) Discussion of the Incentive Plan for the Company's Business.		None
	(5) Discussion of the Method for Payment of Employee and Director Compensation for 2021 Fiscal Year.		None
	(6) Approval of the 2021 Annual Business Report and Financial Statements.		None
	(7) Approval of the Proposal for Distribution of 2021 Profits		None
	(8) Approval of the Cash Dividend for the 2021 Fiscal Year.		None
	(9) Approval of the Operating Plan for the 2022 Fiscal Year.		None
	(10) Appointment and Remuneration of the Financial Report Signing Auditor for the Company.	V	None
	(11) Matters related to the Shareholders' Meeting of the Company in the 2022 Year and Acceptance of Shareholder Proposals.		None
	(12) Renewal of Credit Line with Banks.		None
	(13) Amendment to the "Articles of Incorporation" of the Company.		None
	(14) Amendment to the "Procedure for Acquisition or Disposition of Assets" of the Company.	V	None
	(15) Issuance of New Shares for Cash Increase by Subsidiary, KEELGO ENERGY CO., LTD.	V	None
	(16) Proposed Cash Increase by the Company's Subsidiary, KEELGO ENERGY CO., LTD.	V	None
	(17) Proposed Cash Increase and Issuance of Domestic Third Unsecured Convertible Bonds by the Company in the 2022 Fiscal Year.	V	None
Independent Director's Opinion: None.			
Company's Handling of Independent Director's Opinion: None.			
Resolution Result: All attending directors had no objections and the proposal was passed.			
9th Board Meeting, 6th	(1) This company's renewal of bank credit limit case.		None
	(2) This company intends to provide an endorsement guarantee case	V	None

Session, May 6, 2022	for Celxpert Energy Corporation (Kunshan).		
	(3) Subsidiary Ruiteng Energy Co., Ltd. case of reducing capital to offset losses and issuing new shares for cash increase.	V	None
	(4) This company intends to increase capital in cash for its subsidiary KEELGO ENERGY CO., LTD.	V	None
	(5) This company intends to lend funds to its subsidiary KEELGO ENERGY CO., LTD.	V	None
	(6) This company intends to provide an endorsement guarantee case for its subsidiary KEELGO ENERGY CO., LTD.	V	None
Independent director's opinion: None.			
Company's handling of independent director's opinion: None.			
Resolution result: All attending directors have no objections and the case is passed.			
9th Board Meeting, 7th Session, August 5, 2022	(1) This company's financial report for the second quarter of 2022.		None
	(2) Discussion on the issuance of remuneration to the company's managers.		None
	(3) Discussion on the issuance of remuneration to the company's directors.		None
	(4) This company's renewal of bank credit limit case.		None
	(5) This company intends to provide an endorsement guarantee case for Celxpert Energy Corporation (Kunshan).	V	None
	(6) Revision and renaming of the "Internal Significant Information Processing Operation Procedure" to "Internal Significant Information Processing and Insider Trading Prevention Management Operation Procedure" case.	V	None
	(7) Revision of the "Supervision Operation Method for Subsidiaries" of this company.		None
	(8) Revision of the "Internal Control System" and "Implementation Rules for Internal Audit" of this company.	V	None
Independent director's opinion: None.			
Company's handling of independent director's opinion: None.			
Resolution result: All attending directors have no objections and the case is passed.			
9th Board Meeting, 8th Session, November 4, 2022	(1) This company's financial report for the third quarter of 2022.		None
	(2) This company's renewal of bank credit limit and additional loan case.		None
	(3) The company plans to provide an endorsement guarantee for Celxpert Energy Corporation (Kunshan).	V	None
	(4) The company plans to provide an endorsement guarantee for Celxpert Energy Corporation (Nantong)	V	None
	(5) The revised "Internal Significant Information Processing and Insider Trading Prevention Management Operation Procedure" of the company.		None
	(6) The revised "Board of Directors Meeting Norms" of the company.		None
	(7) Drafting the company's audit plan for the year 2023.		None
	(8) The revised "Performance Evaluation Method for the Board of Directors and Functional Committees" of the company.		None
Independent Director's opinion: None.			
Company's handling of the independent director's opinion: None.			
Resolution result: All attending directors have no objection and the motion is passed.			
9th Board Meeting, 9th Session, March 10, 2023	(1)Approval of the 2022 Annual Business Report and Financial Statements.		None
	(2) Approval of the Proposal for Distribution of 2022 Profits		None
	(3) Approval of the Cash Dividend for the 2022 Fiscal Year.		None
	(4)Approval of the Operating Plan for the 2023 Fiscal Year		None
	(5) The company's 2022 internal control system statement.	V	None
	(6) The retrospective approval of year-end bonuses for the company's managers.		None
	(7) Discussion on the performance evaluation indicators for managers in 2022 and the salary for performance indicators in 2023.		None
	(8) Discussion on promotion of managers in the company.		None
	(9) Discussion on salary adjustment for managers in the company.		None
	(10) Discussion on the method of remuneration for employees and directors in the company for 2022.		None
	(11) Appointment of a certified public accountant for the company's financial report.	V	None
	(12) Drafting the general principles for the company's Non-Assurance Service Pre-Approval Policy.	V	None
	(13) Matters related to the company's 2023 annual general meeting of		None

	shareholders and acceptance of shareholder proposal rights.		
	(14) Proposal for the nomination of independent director candidates by the board of directors and determination of the eligibility of candidates.		None
	(15) Election of independent directors in the company and acceptance of nomination period, number of positions to be elected, and acceptance locations.		None
	(16) Renewal of the company's bank credit line.		None
	(17) The company plans to carry out the issuance of new shares and the third domestic unsecured convertible corporate bond in 2023.	V	None
Independent Director's opinion: None.			
Company's handling of the independent director's opinion: None.			
Resolution result: All attending directors have no objection and the motion is passed.			

2. The implementation status of directors' recusal from interested party transactions shall specify the name of the director, the content of the resolution, the reason for recusal, and the participation in the vote:

9th Board Meeting, 5th Session, March 4, 2022	Case for retrospectively recognizing the year-end bonuses of the company's management personnel.	Shih-Ming Huang, Chairman of the Board of Directors Ching-Jung Huang, Director	Concurrently serving as General Manager of the Company. Concurrently serving as Deputy General Manager of the Company.
Proceedings: 【Shih-Ming Huang, Chairman of the Board of Directors】 who also serves as General Manager of the Company, recused himself from the discussion and vote due to his conflict of interest. Lin Weihong, an independent director, temporarily acted as a proxy to discuss and vote on the case. 【Ching-Jung Huang, Director】 who also serves as Deputy General Manager of the Company, recused herself from the discussion and vote due to her conflict of interest.			
Independent Director Opinion: Independent directors Wei-Hung Lin, Chih-Wei Tsai, and Jan-Yan Lin all expressed agreement.			
Resolution Result: Except for the directors with conflicts of interest who recused themselves from the vote, after the acting chairman consulted with the other attending directors, the resolution was passed with no objections.			
9th Board Meeting, 7th Session, August 5, 2022	Discussion on the payment of remuneration to the company's managers and employees.	Shih-Ming Huang, Chairman of the Board of Directors Ching-Jung Huang, Director	Concurrently serving as General Manager of the Company. Concurrently serving as Deputy General Manager of the Company.
Proceedings: 【Shih-Ming Huang, Chairman of the Board of Directors】 who also serves as General Manager of the Company, recused himself from the discussion and vote due to his conflict of interest. Wei-Hung Lin, an independent director, temporarily acted as a proxy to discuss and vote on the case. 【Ching-Jung Huang, Director】 who also serves as Deputy General Manager of the Company, recused herself from the discussion and vote due to her conflict of interest.			
Independent Director Opinion: Independent directors Wei-Hung Lin, Chih-Wei Tsai, and Jan-Yan Lin all expressed agreement.			
Resolution Result: Except for the directors with conflicts of interest who recused themselves from the vote, after the acting chairman consulted with the other attending directors, the resolution was passed with no objections.			
9th Board Meeting, 7th Session, August 5, 2022	Discussion on the payment of remuneration to the company's directors.	Directors of the company (including independent directors)	Directors of the company (including independent directors)
Meeting proceedings: 【Chairman Shih-Ming Huang】 As the Chairman of this company, I have a conflict of interest with this case and will recuse myself from the discussion and voting. Lin Weihong, the independent director, will temporarily act as the proxy to conduct the discussion and voting. 【Director Ching-Jung Huang】 As a second-degree relative of the Chairman, I have a conflict of interest with this case and will recuse myself from the discussion and voting. 【Director Yung-Tsai Chen】 As a director of this company, I have a conflict of interest with this case and will recuse myself from the discussion and voting. 【Director Chien-Ting Chen】 As a director of this company, I have a conflict of interest with this case and will recuse myself from the discussion and voting. 【Director Ling-Ju Huang】 As the legal representative of a corporate director of this company, I have a conflict of interest with this case and will recuse myself from the discussion and voting. 【Director Jung-Chou Lee】 As the legal representative of a corporate director of this company, I have a conflict of interest with this case and will recuse myself from the discussion and voting. 【Independent Director Wei-Hung Lin】 As an independent director of this company, I have a conflict of interest with this case and will recuse myself from the discussion and voting. 【Independent Director Jan-Yan Lin】 As an independent director of this company, I have a conflict of interest with this case and will recuse myself from the discussion and voting.			

【Independent Director Chih-Wei Tsai】 As an independent director of this company, I have a conflict of interest with this case and will recuse myself from the discussion and voting.			
Independent Director Opinion: Independent directors Wei-Hung Lin, Chih-Wei Tsai and Jan-Yan Lin all expressed agreement.			
Resolution Result: Except for directors and independent directors with conflicts of interest who recused themselves from the discussion and vote, after the chairman consulted with the other attending directors and independent directors and received no objections, the resolution was passed.			
9th Meeting of the 9th Board of Directors, March 10th, 2023	Case for retrospectively recognizing the year-end bonuses of the company's management personnel.	Shih-Ming Huang, Chairman of the Board of Directors Ching-Jung Huang, Director	Concurrently serving as General Manager of the Company. Concurrently serving as Deputy General Manager of the Company.
Proceedings: 【Shih-Ming Huang, Chairman of the Board of Directors】 who also serves as General Manager of the Company, recused himself from the discussion and vote due to his conflict of interest. Wei-Hung Lin, an independent director, temporarily acted as a proxy to discuss and vote on the case. 【Ching-Jung Huang, Director】 who also serves as Deputy General Manager of the Company, recused herself from the discussion and vote due to her conflict of interest.			
Independent Director Opinion: Independent directors Wei-Hung Lin, Chih-Wei Tsai, and Jan-Yan Lin all expressed agreement.			
Resolution Result: Except for the directors with conflicts of interest who recused themselves from the vote, after the acting chairman consulted with the other attending directors, the resolution was passed with no objections.			

3. Listed and OTC companies shall disclose information on the evaluation cycle, period, scope, method, and evaluation content of their self-evaluation (or peer evaluation) of the board of directors, and fill in the Appendix 2 "Implementation of Board Evaluation".

Implementation of Board Evaluation:

The Company conducted an internal board evaluation for the year 2022 in the first quarter of 2023 in accordance with the "Board of Directors Performance Evaluation Measures". In accordance with the measures, an external organization will be commissioned to conduct a board evaluation every three years. The evaluation results have been submitted to the 9th board of directors of the Company and recorded on March 10, 2023.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Anually	January 1, 2022 to December 31, 2022	Conducted for the Board of Directors, individual board members, the Audit Committee, and the Remuneration Committee	This evaluation is conducted internally, using an internal questionnaire method, and the results are collected and statistically evaluated.	●The performance evaluation of the board of directors includes the following five aspects: ① Level of participation in company operations. ② Improving the quality of the board's decision-making. ③Composition and structure of the board of directors. ④ Selection and ongoing education of directors. ⑤Internal control. ●The performance evaluation of individual board members includes the following six aspects: ① Understanding of company goals and tasks. ②Awareness of board responsibilities. ③ Level of participation in company operations. ④ Management and communication of internal relationships. ⑤ Professional expertise and ongoing education of directors. ⑥ Internal control. ●The performance evaluation of functional committees includes the following five aspects: ① Level of participation in company operations. ②Understanding of functional committee responsibilities. ③ Improving the quality of functional committee decision-making. ④Composition and selection of functional committee members. ⑤Internal control.

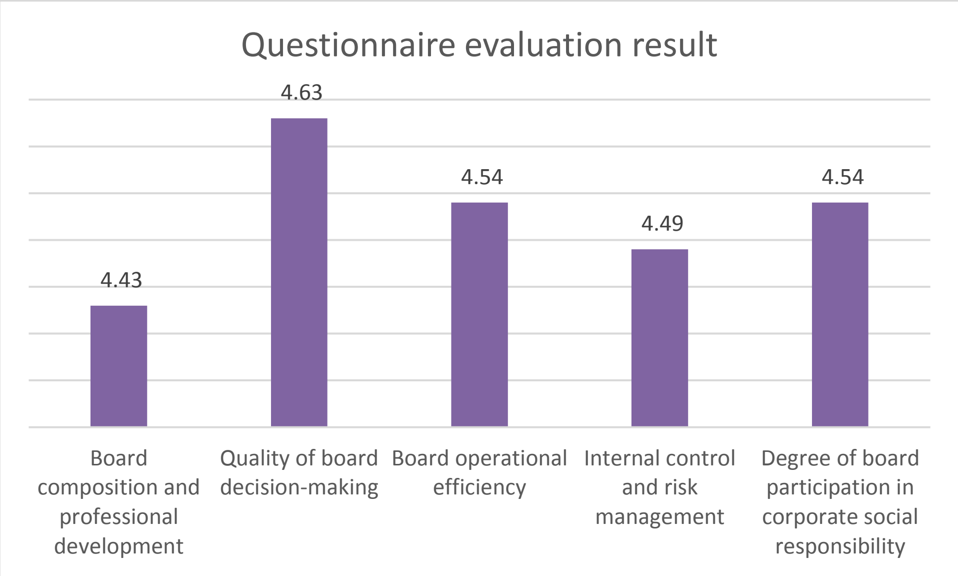
Assessment Results:
●Self-assessment of the Board's Operation Performance
The Board's performance evaluation includes five dimensions with a total of 45 indicators. The average score is 92.35 points, and the evaluation result is "Excellent," indicating that the overall operation of the Board is still perfect, fulfilling its responsibilities to supervise and manage the company and meeting the requirements of corporate governance.
●Performance Evaluation of Board Members
The indicators include six dimensions with a total of 23 indicators. The average score is 92.63 points, and the evaluation result is "Excellent," indicating that the Board members have a good understanding of their participation in the Board and overall operation, possess the ability to perform their duties, and contribute to enhancing the Board's effectiveness.
Suggested areas for improvement: D. internal relationship management and communication, with a satisfaction score below 90 points. Among them, in response to the full communication and interaction with the signing accountant, the accountant will continue to be arranged to conduct meetings and communication exchanges among the Board members.
●Performance Evaluation of the Audit Committee
The indicators include five dimensions with a total of 22 indicators. The average score is 92.80 points, and the evaluation result is "Excellent," indicating that the overall operation of the Audit Committee is in good condition and contributes to enhancing the Board's effectiveness.
●Self-assessment of the Compensation Committee's Operation Performance
The Compensation Committee's performance evaluation includes five dimensions with a total of 22 indicators. The average score is 95.45 points, and the evaluation result is "Excellent," indicating that the overall operation of the Compensation Committee is in good condition and contributes to enhancing the Board's effectiveness.

★External Evaluation Results of the Board of Directors of the Company
Assessment organization: Taiwan Investor Relations Institute
Assessment members: Member Guo Zonglin, Member Xu Biyun, Member Wang Shihao
The assessment organization and assessment members have no business dealings with the Company and have no impact on their independence.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Every three years	January 1, 2022 to December 31, 2022	Board of director	The current evaluation is commissioned to an external organization, the "Investor Relations Association," to conduct a questionnaire survey and collect statistical evaluation results for all directors of the company. In addition, on-site interviews will be conducted to produce an evaluation report.	The measurement items for the performance evaluation of the board of directors include the following five aspects: (1) Board composition and professional development: The evaluation content covers board structure, diversity of board composition, director training status, and director training plans. (2) Quality of board decision-making: The evaluation content covers the completeness and timeliness of information required for board decision-making, director participation in meetings, and the frequency and timing of board meetings. (3) Board operational efficiency: The evaluation content covers internal relationship management and communication, director participation and understanding of company operations, and communication between the board and the accountant. (4) Internal control and risk management: The evaluation content covers the board's management of operational risks, the establishment and execution of internal company regulations, supervision of the effectiveness of internal control systems, and the smoothness of internal and external reporting channels. (5) Degree of board participation in corporate social responsibility: The evaluation content covers the board's level of attention to ESG issues, communication channels between the company and external shareholders or stakeholders, the degree of the company's participation and investment in ESG, and the company's implementation of governance mechanisms.

Evaluation Result:
★Questionnaire Survey
1. Distribution target: All members of the board of directors
2. Recovery situation: 100%

3. Questionnaire evaluation method: The questionnaire is evaluated using a scale of 1 to 5, where 1 indicates dissatisfaction (strongly disagree) and 5 indicates satisfaction (strongly agree).
4. Questionnaire evaluation result



★On-site Evaluation
1. Evaluation Date: January 10th and 12th, 2023
2. Evaluation Method: Online Interview
3. Evaluation Targets:
Shih-Ming Huang, Chairman and General Manager
Wei-Hung Lin, Independent Director (Convener of the Audit Committee)
Jan-Yan Lin, Chief Financial Officer
Dai-Ling Lin, Manager of the Accounting Department and Corporate Governance
Shu-Jing Chen, Audit Manager
4. Conclusion and Suggestions
Based on the company's provided board meeting minutes, current internal policies, other supporting documents, and public information, along with self-assessment questionnaires and on-site interview results, an evaluation report is produced, and evaluation conclusions and recommendations are summarized for internal use by the company as a reference for subsequent research on relevant improvement measures.

4. Goals for strengthening the functions of the board of directors in the current year and the most recent year (such as establishing an audit committee, improving information transparency, etc.) and their implementation Evaluate
(1) In order to strengthen the functions of the board of directors, in addition to the remuneration committee already established, the company also voluntarily set up an audit committee on 107.06.14to assist the Board of Directors in performing its supervisory duties.
(2) In order to promote good corporate governance, the board of directors voluntarily appointed a corporate governance supervisor on 108.03.15 to assist directors in performing their duties.business and enhance the effectiveness of the board of directors.
(3) In order to strengthen the functions of the board of directors, the company re-elected directors at the general meeting of shareholders on 110.07.05, and added two directors with professional background in science and engineering, so that the members of the board of directors are more diverse, and can give professional advice from different perspectives, which is helpful for improving the company's operating performance and management efficiency It is of great help.
(4) The company will continue to strengthen corporate governance and fulfill corporate social responsibilities in the future to achieve the goal of sustainable development.

2. Audit Committee Operations:

(1) The company elected three independent directors at the shareholders' meeting on June 14, 2018, and set up an audit committee in accordance with the Securities and Exchange Act to replace the supervisor's duties. The committee was chaired by independent director Wei-Hung Lin, who was elected by the entire committee. The committee operates in accordance with the "Audit Committee Organizational Regulations" of the Company and holds at least one meeting per quarter.

(2) The main responsibilities and annual work focus of the company's audit committee are to assist the board of directors in overseeing the quality and integrity of the company's accounting, audit, financial reporting processes, and financial controls. Its deliberations cover financial reports, the effectiveness of internal control systems, matters involving conflicts of interest for directors themselves, procedures for modifying the acquisition or disposition of assets, and the review of significant endorsements for others.

A. Evaluation of the effectiveness of the internal control system: The company's internal control system is self-evaluated, and each unit of the company completes the internal control cycle operation annually. The Audit Committee confirms that the company's internal control system, including financial, operational, risk management, information security, outsourcing, and compliance controls, is effective, and the company has taken necessary control measures to supervise and correct non-compliant behavior.

B. Review of financial reports: The company's annual operating report, annual financial report, and profit distribution proposal have all been reviewed and approved by the audit committee, and after being submitted to the board of directors for resolution, they are sent to the shareholders' meeting for approval.

(3) As of the date of the annual report, the audit committee has held 5 meetings (from January 1, 2022 to April 17, 2023), and the attendance of the committee members is as follows:

Ttile	Name	Actual Attendance (B)	Number of Attendance by Proxy	Actual Attendance Rate【B/A】	Notes
Independent Director	Wei-Hung Lin	5	0	100.00%	
Independent Director	Jan-Yan Lin	5	0	100.00%	
Independent Director	Chih-Wei Tsai	5	0	100.00%	

Other Matters to be Disclosed:

1. If the Audit Committee operates under any of the following circumstances, the date, period, agenda content, Audit Committee resolution results, and the Company's handling of the Audit Committee's opinions should be described:

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

Board of Directors	Agenda Content and Subsequent Handling	Matters listed in Section 14-5 of the Securities and Exchange Act
The 5th meeting of the 9th session on March 4, 2022	(1) Declaration of the internal control system statement for the year 2021.	V
	(2) Retroactive approval for the year-end bonus for the company's managers.	
	(3) Performance evaluation and salary discussion for the senior vice president's 2021 performance indicators and 2022 performance indicators.	
	(4) Planning of the business bonus for the company.	
	(5) Discussion of the payment methods for employee and director compensation for the year 2021.	
	(6) Business report and financial statements for the year 2021.	V
	(7) Dividend distribution for the year 2021.	V

	(8) Cash dividend payment for the year 2021.	V
	(9) Operating plan for the year 2022.	
	(10) Appointment and compensation of the financial report's signing certified public accountant for the company.	V
	(11) Matters related to the 2022 annual shareholder meeting and the exercise of shareholders' proposal rights.	
	(12) Renewal of the company's bank credit line.	
	(13) Revision of the company's articles of incorporation.	
	(14) Revision of the company's "acquisition or disposal of assets processing procedures".	V
	(15) Cash capital increase and issuance of new shares for the subsidiary, KEELGO ENERGY CO., LTD.	V
	(16) Planned cash capital increase for the subsidiary, KEELGO ENERGY CO., LTD.	V
	(17) Planned cash capital increase, issuance of new shares, and issuance of the third unsecured convertible corporate bonds domestically for the year 2022.	V
	Audit committee resolution (March 4th, 2022): All members of the committee were present and approved the above matters without objection..	
	Company's response to the audit committee: None.	
The 6th meeting of the 9th session on May 6, 2022	(1) Bank credit line renewal case of the company.	
	(2) Proposed endorsement guarantee for Celxpert Energy Corporation (Kunshan) by the company.	V
	(3) Plan for capital reduction and cash capital increase through the issuance of new shares by the subsidiary KEELGO ENERGY CO., LTD.	V
	(4) Proposed cash capital increase for the subsidiary KEELGO ENERGY CO., LTD. by the company..	V
	(5) Proposed funding to be provided to the subsidiary KEELGO ENERGY CO., LTD. by the company.	V
	(6) Proposed endorsement guarantee to be provided to the subsidiary KEELGO ENERGY CO., LTD. by the company.	V
	Audit committee resolution (May 6th, 2022): All members of the committee were present and approved the above matters without objection..	
	Company's response to the audit committee: None.	
The 7th meeting of the 9th session on August 5, 2022	(1) Financial report for the second quarter of the company for the year 2022.	V
	(2) Discussion on salary payments for company executives.	
	(3) Discussion on remuneration payments for company directors.	
	(4) Renewal of credit line with partner banks for the company.	
	(5) Proposed endorsement guarantee for Celxpert Energy Corporation (Kunshan) by the company.	V
	(6) Revision of the "Internal Major Information Processing Operations Procedure" and renaming it to the "Internal Major Information Processing and Prevention of Insider Trading Management Operations Procedure" by the company.	
	(7) Revision of the "Supervision Operation Method for Subsidiaries" by the company.	
	(8) Revision of the "Internal Control System" and "Implementation Details of Internal Audit" by the company.	V
	Audit committee resolution (August 5th, 2022): All members of the committee were present and approved the above matters without objection..	
	Company's response to the audit committee: None.	
The 8th meeting of the 9th session on November 4, 2022	(1) Financial report for the third quarter of the company in the year 2022.	
	(2) Renewal and increase of credit lines with partner banks for the company.	
	(3) Proposed endorsement guarantee for Celxpert Energy Corporation (Kunshan) by the company.	V
	(4) Proposed endorsement guarantee for Celxpert Energy Corporation (Nantong) by the company.	V
	(5) Revision of the "Internal Major Information Processing and Prevention of Insider Trading Management Operations Procedure" by the company.	
	(6) Revision of the "Board Meeting Regulations" by the company.	
	(7) Development of the audit plan for the company for the year 2023.	
	(8) Revision of the "Board and Functional Committee Performance Evaluation Method" by the company.	

	Audit committee resolution (November 4th, 2022): All members of the committee were present and approved the above matters without objection..	
	Company's response to the audit committee: None.	
The 9th meeting of the 9th session on March 10, 2023	(1) Business report and financial statements for the year 2022 by the company.	V
	(2) Proposal for profit distribution for the year 2022 by the company.	V
	(3) Proposal for cash dividend payments for the year 2022 by the company.	V
	(4) Operating plan for the year 2023 by the company.	
	(5) Declaration of the Internal Control System for the year 2022 by the company.	V
	(6) Retroactive approval of year-end bonuses for company executives by the company.	
	(7) Discussion on performance indicators evaluation and compensation for company executives for the year 2022 and discussion on performance indicators for the year 2023 by the company.	
	(8) Discussion on promotion of company executives by the company.	
	(9) Discussion on salary adjustments for company executives by the company.	
	(10) Discussion on payment methods for employee and director remuneration for the year 2022 by the company.	
	(11) Discussion on the appointment of the auditor for the financial report of the Company.	V
	(12) Drafting the general principles for the company's Non-Assurance Service Pre-Approval Policy.	V
	(13) Matters related to the 2023 annual shareholders' meeting and the acceptance of shareholders' proposal rights of the Company.	
	(14) Proposal for approval of the list of independent director candidates nominated by the Board of Directors and resolution of their qualifications of the Company.	
	(15) Election of independent directors and acceptance of nominations, number of seats to be elected, and acceptance location of the Company.	
	(16) Renewal of credit limit with the Company's banks.	
	(17) Plan to carry out cash capital increase and issue new shares as well as the issuance of the third unsecured convertible corporate bonds domestically in the Company's year 2023 of operation.	V
	Audit committee resolution (March 10th, 2023): All members of the committee were present and approved the above matters without objection..	
	Company's response to the audit committee: None.	

(2) Other matters that have not been approved by the Audit Committee but have been passed by a resolution of more than two-thirds of the entire Board of Directors: None.

2. The implementation status of recusal by independent directors in cases involving conflicts of interest shall state the names of the directors, the contents of the proposal, the reasons for recusal, and their voting participation: None.

3. The communication between independent directors and the internal audit director and accountant (including major matters, methods, and results of communication on the company's finances and business conditions):

(1) The internal audit director of the company, in addition to contacting the independent directors as needed, submits audit reports to the independent directors on a regular basis and reports on the handling of relevant audit matters to the Audit Committee every quarter.

The communication between independent directors and the internal audit director of the company in the 2022 fiscal year and up to the date of publication of the annual report is summarized in the table below:

Date	Communication Focus	Communication Results
March 4, 2022	1. Audit report for the fourth quarter of 2021 2. Report on handling of opinion box	No objections.
May 6, 2022	1. Audit report for the first quarter of 2022 2. Report on handling of opinion box	No objections.
August 5, 2022	1. Audit report for the second quarter of 2022 2. Report on handling of opinion box	No objections.
November 4,2022	1. Audit report for the third quarter of 2022 2. Report on handling of opinion box	No objections.
March 10, 2023	1. Audit report for the fourth quarter of 2022 2. Report on handling of opinion box	No objections.

(2) The company's accountants may contact the independent directors as needed and report to the independent directors on the results of financial report audits and discoveries at least once a year at the Audit Committee meeting, as well as share updates on recent legal changes.

The communication between independent directors and the signing accountants of the company in the 2022 fiscal year and up to the date of publication of the annual report is summarized in the table below:

Audit Committee Report Date	Attendees	Communication Focus	Communication Results

	March 4, 2022	Independent Director Wei-Hung Lin Independent Director Chih-Wei Tsai Independent Director Jan-Yan Lin CPA Guo Guan-Ying	1. The accountant explained the audit status of the 110-year financial report and consolidated financial report. 2. The accountant communicated with the internal control audit and governance unit. 3. Recent updates on laws and regulations were shared. 4. The accountant discussed and communicated with the attendees regarding questions raised.	No objections.
	May 6, 2022	Independent Director Wei-Hung Lin Independent Director Chih-Wei Tsai Independent Director Jan-Yan Lin CPA Kuan-Ying Kuo	1. Explanation of the CPA's audit of the Q1 2022 consolidated financial statements. 2. Communication with the internal control audit and governance unit by the CPA. 3. Recent legal updates shared. 4. Discussion and communication with attendees on questions raised by the CPA.	No objections.
	August 5, 2022	Independent Director Wei-Hung Lin Independent Director Chih-Wei Tsai Independent Director Jan-Yan Lin CPA Kuan-Ying Kuo	1. Explanation of the CPA's audit of the Q2 2022 consolidated financial statements. 2. Communication with the internal control audit and governance unit by the CPA. 3. Recent legal updates shared. 4. Discussion and communication with attendees on questions raised by the CPA.	No objections.
	March 10, 2023	Independent Director Wei-Hung Lin Independent Director Chih-Wei Tsai Independent Director Jan-Yan Lin CPA Yu-Ting Hsin	1. Explanation of the CPA's audit of the Q4 2022 consolidated financial statements. 2. Communication with the internal control audit and governance unit by the CPA. 3. Recent legal updates shared. 4. Discussion and communication with attendees on questions raised by the CPA.	No objections.

Note:

* If there are independent directors who resign before the end of the fiscal year, the date of resignation should be indicated in the remarks column, and the actual attendance rate (%) should be calculated based on the number of audit committee meetings attended during their tenure.
* If there are independent directors who are newly elected or re-elected before the end of the fiscal year, both the new and old independent directors should be listed, and it should be indicated in the remarks column whether the independent director is a new, old, or re-elected member and the date of the election. The actual attendance rate (%) should be calculated based on the number of audit committee meetings attended during their tenure.

3. Participation of supervisors in the operation of the board of directors: An audit committee has been established, N/A.

(4) Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1.Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?		V	While the Company has not formally established its own corporate governance best practice principles, the internal operations of the Company are implemented in accordance with the guidelines outlined in the "Corporate Governance Best Practice Principles for TWSE/TPEx Companies."	None.
2.Shareholding Structure and Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes, and litigation matters? If yes, have these procedures been implemented accordingly?		V	(1)The Company has established a spokesperson and deputy spokesperson system to be responsible for the handling of investor relationships. The Company has built up a channel between the company and shareholders for positive communications. By far, it has properly responded to all suggestions from the shareholders, and resolved the doubts of shareholders and there was no dispute found.	None.
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(2)The Company has the list of its major shareholders and their final controlling parties to ensure operational stability.	None.
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(3)Assets and financial accounting of the affiliates are handled independently, and the company's relevant departments conduct regular and ad-hoc audits of affiliates with control rights. This is done to prevent any potential drawbacks arising from affiliates' transactions and to mitigate risks to the company.	None.
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		(4) The management of the Company places a strong emphasis on ethical operations. In the design of our internal management systems, we have implemented measures to prevent misconduct and regularly educate our internal stakeholders on securities trading laws and regulations, including insider trading prohibitions. It is strictly prohibited for insiders to engage in insider trading activities. Furthermore, on November 4th, 22022, the Board of Directors approved the revision of the Procedures for Handling Material Inside Information and Preventing Insider Trading. These procedures stipulate that directors are prohibited from trading the company's stock during a closed period of thirty days prior to the announcement of annual financial reports and fifteen days prior to the announcement of quarterly financial reports.	None.
3.Composition and responsibilities of the board of directors				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(1)The Company is committed to promoting the effective operation, organizational structure, and development needs of the Board of Directors through the formulation of appropriate diversity policies. The nomination and selection of board members follow the provisions outlined in the Company's Article of Incorporation, utilizing a candidate nomination system. In addition to evaluating the qualifications and experiences of each candidate, we adhere to the guidelines set forth in the "Corporate Governance Best Practice Principles for TWSE/TPEx Companies., particularly Article 20, to ensure the diversity and independence of our board members. 1. The current Board of Directors consists of nine members, with two female members that represent 22.22% of the total board composition, with an average age of 40 years old. Male members constitute 77.78% of the Board, with an average age of 57 years old. The average age of all board members is 53 years old. 2. General Board Members: These board members hold professional backgrounds in management, engineering, and industrial operations. They have obtained a	None.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			Master's degree in Electrical Engineering from the Georgia Institute of Technology, a MBA degree from Tatung Polytech, a degree in International Business from National Taiwan University, an EMBA degree from National Taiwan University, and have also studied Mechanical Manufacturing Engineering Master program at National Chung Hsing University and Atomic Science at Tsinghua University. 3. Independent Directors: Their backgrounds include an accountant at Gao Fu Accounting Firm, a practicing accountant at Chainye Accounting Firm, and a full-time professor in the Department of Business Administration at Chung Yuan Christian University. 4. These Board Members withhold various professional backgrounds, skills, and industrial experiences, etc.	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	V		(2) In addition to establishing a Remuneration Committee in compliance with the law, the Company has voluntarily established an Audit Committee. We may consider establishing other functional committees in the future based on operational needs.	None.
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		(3) The Company has implemented the "Rules for Performance Evaluation of Board of Directors and Functional Committee," which were approved by the Board of Directors, to conduct internal evaluations of the Board and functional committees in 2023Q1. Additionally, Celxpert has engaged an external independent organization, the "Investor Relations Association," to conduct an external evaluation once every three years. The evaluation results are compiled into a report, which was reported to the Board of Directors on March 10, 2023.	None.
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4) The Finance and Accounting Department has developed relevant evaluation criteria in accordance with Article 47 of the Certified Public Accountant Act and Bulletin No. 10 of the Code of Professional Ethics for Certified Public Accountants. In addition to conducting regular assessments of the independence and capabilities of the CPAs, we also require them to provide "Audit Quality Indicators (AQIs)" and evaluate them based on the standards outlined in Note 1 and the 13 AQI indicators. After confirming that the CPAs have no other financial interests or business relationships with the Company other than the fees for auditing and taxation cases, and considering the AQI indicators, it has been determined that the CPAs and their firms have superior audit experience and on-the-job training hours compared to industry averages. The most recent evaluation results were submitted to the Audit Committee for review and subsequently reported to the Board of Directors on March 10, 2023. The evaluation results showed that all CPAs of the Company meet the criteria of independence and capabilities (Note 1).	None.
4.Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The Board of Directors approved on 2021.07.16 the appointment of Manager Lin, Dai-Ling from the Accounting Department as the Corporate Governance Officer to safeguard shareholder rights and enhance the effectiveness of the Board of Directors. Manager Lin, Dai-Ling possesses over three years of experience in a senior financial management role in a publicly traded company. The Corporate Governance Officer's primary responsibilities include handling matters related to the Board Meetings and Shareholders' Meetings in accordance with the law, preparing minutes of the Board Meetings and Shareholders' Meetings, assisting directors in their appointments and continuous education, providing necessary information for directors to carry out their duties, and assisting directors in compliance with laws and regulations. The Corporate Governance Officer adheres to the principle of prompt and effective assistance in the execution of duties, ensuring that all directors can obtain the support of the Corporate Governance	None.

Evaluation item	Implementation status: Yes	Implementation status: No	Implementation status: Summary description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
			Officer, receive appropriate and timely information, make informed decisions, and fulfill their responsibilities as directors.	

The Corporate Governance Officer of the Company carried out the following business for 2022 and the current year as of the printing date of the prospectus:

(1) Assist in arranging the content and procedures of Board Meetings and Shareholders' Meetings, ensuring that meeting summonses and notifications are completed within the legally required timeframes.

(2) Provide assistance and reminders to directors regarding compliance with applicable regulations in the execution of their duties, including pre-notification of recusal in cases where directors may have conflicts of interest in the meeting.

(3) Provide directors with the latest updates and revisions on laws and regulations related to corporate governance and ensure their understanding and compliance.

(4) Conduct a post-review of important resolutions made by the Board of Directors to ensure compliance with regulations regarding the disclosure of material information, thereby safeguarding the equal rights of investors to access accurate and lawful trading information.

(5) Report to the Board of Directors on the examination results regarding the qualifications of independent directors during the nomination, appointment, and tenure periods, in accordance with relevant laws and regulations.

The training records of the Corporate Governance Officer of the Company in 2022 and the current year as of the printing date of the prospectus:

Training Date	Host By	Course	Training HR
2022.07.06	Accounting Research and Development Foundation	Analysis of the latest corporate governance policies and corporate governance evaluation practices	3
2022.07.08	Accounting Research and Development Foundation	Auditing and control practice of "information security" by internal auditors	6
2022.07.11	Accounting Research and Development Foundation	Trends in ESG & TCFD reporting: Seize the key information	3
2022.08.25	Taipei Exchange	Insider shareholding publicity briefing for companies listed in the OTC market	3

5.Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company has set up a dedicated section for stakeholders on its website, disclosing the contact information of the spokesperson and the deputy spokesperson. ● Customer Section (1) Topics concerned 1. Environmental evaluations of suppliers 2. Service quality 3. Legal compliance in product responsibility 4. Anti-corruption (2) Contact Vice President of Sales Department: Jing-De Chen D_Chen@celxpert.com.tw Tel: (03)489-9054#1136 Vice President of President Office: Serena Huang Serena_Huang@celxpert.com.tw Tel:(03)489-9054#1675 (3) Responding Methods 1. Customer satisfaction survey 2. Cooperate with customers to meet their requirements and audits regarding product, environment, and responsibility. We actively assist in the prevention and continuous improvement of these areas. 3. Regular phone calls for two-way communications. ● Shareholder section (1) Topics concerned 1. Operating performance 2. Corporate governance 3. Transparent information (2) Contact Spokesperson CFO: Chien-Yu Lin Deputy spokesperson Senior Manager of Administration Department: Xing-Kuo Chao investor@celxpert.com.tw Tel: (03)489-9054#1132 (3) Responding Methods 1. Material information announcement 2. Annual general shareholders' meeting 3. Establish a two-way communication channel for stock affairs and investor relations. ● Supplier section (1) Topics concerned	None.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			1. Public image 2. Legal compliance with environmental concerns 3. Legal compliance in product responsibility 4. Anti-corruption (2) Contact Director of Strategic Procurement Department: Stacy Chen Stacy_Chen@celxpert.com.tw Tel: (03)489-9054#1801 (3) Responding Methods 1. Annual supplier audits 2. Declaration for environmental protection 3. Regular phone calls for two-way communications. ● Employee section (1) Topics concerned 1. Salary & benefits policy 2. Performance appraisal 3. Company operating performance 4. Labor-management relations 5. Corporate image (2) Contact Vice President of President Office: Serena Huang Serena_Huang@celxpert.com.tw Tel: (03)489-9054#1675 (3) Responding Methods 1. Internal website announcement 2. Welfare Committee information 3. Regular labor-management meetings	
6.Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The company has engaged the professional share registrar agency CTBC Bank to assist with the handling of shareholders' meetings and related share registry matters.	None.
7.Information Disclosure （1）Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		(1) The Company discloses financial and business related information on its website as well as on the MOPS according to the law and regulations.	None.
（2）Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conferences, etc.)?	V		(2) The Company has appointed dedicated personnel responsible for the company's information disclosure and has implemented the spokesperson system, and established a stakeholder section on its website to disclose the contact information of related personnel at the following URL: https://zh-tw.celxpert.com.tw/data_5939	None.
（3）Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		(3) Even though the Company does not currently reports its annual financial reports within two months after the end of the fiscal year, it announces its quarterly and annual financial reports on the same day of the Board approval. In addition, the monthly operating statement has been announced and submitted in advance of the specified deadlines.	None.
8.Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(1) Employee rights: The Company has always placed great importance on maintaining harmonious labor-management relations. We regularly hold labor-management meetings to establish a two-way communication channel. Furthermore, we adhere to labor laws and regulations to ensure the protection of employee rights. (2) Employee wellness: The Company has established Employee Welfare Committee which allocates welfare funds to promote various benefit measures according to laws and regulations. Benefits include annual travelling, employee insurance, regular health examinations, and various courses and training. (3) Investor relations: The Company has appointed dedicated personnel responsible for handling shareholders' affairs, and also established a spokesperson mailbox and online contacts to provide investors with a smooth communication platform. (4) Supplier relations: Celxpert shall build up the core value of	None.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			cooperation with customers and suppliers through "Trust." We aim to communicate this through our supplier conferences, where we emphasize the importance of establishing a sustainable supply chain for battery modules based on shared values. We encourage our suppliers to collaborate with us in building a strong and long-lasting partnership. (5) Right of stakeholders: The Company's website has established a stakeholders' section to provide a smooth communication channel where stakeholders may provide advice and suggestions at any time. (6) Directors' continuing education: The directors (including independent directors) of the Company possess relevant expertise and practical knowledge in their respective fields. They are committed to continuously improving their skills and staying updated with the latest relevant training and courses. (7) The implementation of risk management policies and risk evaluation standards: The Company has formulated various systems and regulations to conduct various risk management and evaluations. (8) The implementation of customer relations policies: The Company maintains good relationships with its customers to make the maximum profit. (9) The Company has purchased liability insurance for all directors from the insurance company each year and regularly reports to the Board. <table><tr><td>Insured Period</td><td>Insured amount</td><td>Reporting date to the board</td></tr><tr><td>2022.06.01-112.06.01</td><td>US$ 5M</td><td>2022.08.05</td></tr><tr><td>2021.06.01~111.06.01</td><td>US$ 5M</td><td>2021.07.16</td></tr><tr><td>2020.06.01~110.06.01</td><td>US$ 5M</td><td>2020.08.07</td></tr></table>	

9.Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.): The Company dedicated to promoting the corporate governance image in recent years, and remains committed to addressing these areas of improvement one by one.

(1) The Company has been dedicated to enhancing corporate governance practices, and shall improve the items that have not yet been improved one by one.

Year	Evaluation Result
2022	OTC Company ranking group: 51%~65%
2021	OTC Company ranking group: 51%~65%
2020	OTC Company ranking group: 36%~50%

(2) In 2023, the Company aims to improve two major aspects of information transparency and corporate social responsibilities.

Note 1:The independence and capabilities evaluations of the CPA in 2023

Name of CPA	Xin, Yu-Ting	Accounting Firm: KPMG Taiwan
Education and experience	Education: ● Department of Business Administration, National Sun Yat-sen University Professional service experience ● Financial Statement Certification and Profit Enterprise Income Tax Certification Declaration ● Counseling on applications for public offering and listing cases ● Evaluation of the internal control system ● Counseling for listing cases of foreign companies in Taiwan ● Counseling on the introduction of International Financial Reporting Standards (IFRS)	
Name of CPA	Wang, Yi-Wen	Accounting Firm: KPMG Taiwan
Education and experience	Education: ● Department of Accounting, Soochow University Professional service experience ● Counseling on applications for public offerings and listing cases ● Suggestions on equity and tax structure before the public offering ● Counseling for listing cases of foreign companies in Taiwan ● Counseling on the introduction of International Financial Reporting Standards (IFRS) ● Evaluation of the internal control system ● Financial Statement Certification and Profit Enterprise Income Tax Certification Declaration ● Counseling for innovative business ● Counseling for social enterprises	

Item	Evaluation item	Result	Independence
1.	As of the most recent audit engagement, there have been no instances of a seven-year tenure without rotation.	Yes	Yes
2.	There are no significant financial interests or conflicts of interest with the client.	Yes	Yes
3.	Efforts are made to avoid any inappropriate relationships with the client.	Yes	Yes
4.	The CPAs ensure that their assistants adhere to principles of honesty, fairness, and independence.	Yes	Yes
5.	Within the first two years of practice, CPAs are prohibited from auditing the financial statements of previous employers.	Yes	Yes
6.	The CPAs are not allowed to use their name on behalf of others.	Yes	Yes
7.	The CPAs do not hold any shares of the company or its related entities.	Yes	Yes
8.	There are no monetary loans or borrowings between the CPAs and the company or its related entities.	Yes	Yes
9.	There is no shared investment or profit-sharing relationship between the CPAs and the Company or its related entities.	Yes	Yes
10.	The CPAs do not hold any concurrent positions with fixed remuneration from the Company or its related entities.	Yes	Yes
11.	The CPAs are not involved in the decision-making process or management functions.	Yes	Yes
12.	The CPAs do not engage in any other business that could compromise their independence.	Yes	Yes
13.	There is no spousal or within two degrees of kinship relationship with the Company's management personnel.	Yes	Yes
14.	No commissions related to the business have been received.	Yes	Yes
15.	To date, there have been no penalties or incidents that could compromise the principle of independence.	Yes	Yes

Evaluation result: The independence and capabilities of the CPAs comply with the relevant laws and regulations.

(5)If the company has established a Compensation Remuneration Committee or Nomination Committee, it shall disclose its composition, responsibilities, and operating status:

1. Compensation Remuneration Committee Member Information

Title	Qualification Name	Professional Qualifications and Experience	Independence Analysis	Number of Other Public Companies at Which the Person Concurrently Serves as Compensation Remuneration Committee Member
Convenor/ Independent Director	Wei-Hung Lin	1. Leadership experience in the Compensation Remuneration Committee, Audit Committee, and Board of Directors (for work experience, please refer to Director information on page 11). 2. Professional knowledge of the industry and financial accounting. 3. No circumstances listed in Article 30 of the Company Law.	(1)(2)(3)(4)(5) (6)(7)(8)(9)(10)	0
Independent Director	Jan-Yan Lin	1. Leadership experience in the Compensation Remuneration Committee, Audit Committee, and Board of Directors (for work experience, please refer to Director information on page 12). 2. Professional knowledge of the industry and financial accounting. 3. No circumstances listed in Article 30 of the Company Law.	(1)(2)(3)(4)(5) (6)(7)(8)(9)(10)	0
Member	Wen-Yuan Kuo	1. Leadership experience in the Compensation Remuneration committee, 2. Professional knowledge of the industry and financial accounting. 3. No circumstances listed in Article 30 of the Company Law.	(1)(2)(3)(4)(5) (6)(7)(8)(9)(10)	0

Note 1: The company has established a Compensation Remuneration Committee consisting of three members in accordance with legal regulations.

Note 2: Please tick "✔" the corresponding boxes that apply to all members during the two years prior to being elected or during the term of office.

(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 (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(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 of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) or any of the persons in the preceding (2).(3) subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(8) 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 (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the public company).

(9) Not 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 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the compensation remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

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

2. Information on the Compensation Remuneration Committee Operation Status

(1)The Compensation Remuneration Committee of the company consists of three members, who are elected and appointed in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". The committee operates in accordance with the "Organization Regulations of the Remuneration Committee" of the company. It convenes meetings at least twice a year, the main responsibilities and annual focus of the committee include formulating and periodically reviewing policies and systems for performance evaluation, remuneration for directors and executives, as well as conducting relevant reviews of employee compensation and bonus distribution policies.

(2)Current Term of Committee Members: From July 16, 2021 to July 5, 2024, for the most recent fiscal year (2022) and up until the annual report printing date of the 2023 fiscal year, the Remuneration Committee held three meetings (A), the qualifications and attendance of the committee members are as follows:

Job Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate(%) (B/A) (Note)	Remarks
Convenor/ Independent Director	Wei-Hung Lin	3	0	100%	
Independent Director	Jan-Yan Lin	3	0	100%	
Member	Wen-Yuan Kuo	3	0	100%	

Other mentionable items::

1. If the Board of Directors declines to adopt or modifies a recommendation of the Compensation Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Compensation Remuneration Committee's opinion (eg. the remuneration passed by the Board of Directors exceeds the recommendation of the Compensation Remuneration Committee, the circumstances and cause for the difference shall be specified): None.
2. If there are dissenting or reserved opinions from members of the Compensation Remuneration Committee on the matters to be resolved, and there are records or written statements, the following information should be disclosed: the date of the Remuneration Committee meeting, the session, content of the motion, the opinions of all members, and how the opinions of the members were handled:

Compensation Remuneration Committee	Content of the Motion	Resolution	Company's Handling of the Remuneration Committee's Opinions
The 2nd Meeting of the 5th Session February 15, 2022	1.Discussion on 2021 annual remuneration payment method for employees and directors. 2.Discussion on 2021 year-end bonus distribution discussion. 3.Discussion on 2021 performance index evaluation of the company's managers and 2022 performance index compensation discussion. 4. Discussion on the Company's sales bonus planning.	All committee members agreed and approved.	It was submitted to the Board of Directors and approved accordingly.
The 3rd Meeting of the 5th Session July 19, 2022	1.Discussion on 2021 annual remuneration payment method for directors. 2.Proposal on 2021 managerial staff compensation distribution discussion.	All committee members agreed and approved.	It was submitted to the Board of Directors and approved accordingly.
The 4th Meeting of the 5th Session February. 23, 2023	1.Discussion on 2022 annual remuneration payment method for employees and directors. 2. Discussion on 2022 year-end bonus distribution for managers. 3. Discussion on 2022 performance index evaluation of the company's managers and 2023 performance index compensation discussion. 4. Discussion on the salary adjustment of the company's managers. 5. Discussion on the promotion of the company's managers.	All committee members agreed and approved.	It was submitted to the Board of Directors and approved accordingly.

Note: (1) If a member of the Compensation Remuneration Committee resigns before the end of the fiscal year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) should be calculated based on the number of Remuneration Committee meetings held during their tenure and their actual attendance at those meetings.

(2) Before the end of the fiscal year, if there is a re-election of the Compensation Remuneration Committee members, both the outgoing and incoming committee members should be listed in. The remarks column shall mark The member of outgoing, incoming, reappointed, along with the date of the re-election. The actual attendance rate (%) should be calculated based on the number of Compensation Remuneration Committee meetings held during their tenure and their actual attendance at those meetings.

3.Nomination Committee Member Information: The company has not yet established a Nomination Committee.

(6)The Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons:

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th>Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th><th></th></tr>
<tr><td>1.Does the company establish a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, and the senior management authorized by the Board of Directors to be in charge of handling the sustainable development, and being supervised by the Board of Directors?</td><td>V</td><td></td><td>The company's Human Resources and Administration Department is responsible for promoting the Corporate Sustainable Development Policies and implementing policies or systems related to Corporate Governance, Environmental Sustainability, and Social Welfare.</td><td>None</td></tr>
<tr><td>2.Does the company assess ESG risks evaluation associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 1)</td><td>V</td><td></td><td>The company, in fulfilling its Corporate Social Responsibility, places importance on the rights and interests of stakeholders. Valuing the factors of ESG (environment, society, and corporate governance) while pursuing sustainable business and profitability. These factors are incorporated into the company's management policies, and risks associated with these three dimensions are assessed.
<table>
<tr><th>Category</th><th>Risk issues</th><th>Impact on the Company</th><th>Coping strategies and benefits</th></tr>
<tr><td rowspan="4">governance</td><td>New Statute or Regulatory Requirements</td><td>Changes in laws and regulations affect the mode of operation</td><td>Review the existing operating model and make adjustments to ensure that the company complies with laws and regulations, which will help promote corporate governance and enhance the company's image.</td></tr>
<tr><td>In-plant disasters (power outages, fires)</td><td>Cause property loss of the company, or damage to customer products.</td><td>Regular inspection of fire safety and production equipment, emergency response drills, in order to mitigate the impact in the event of a disaster.</td></tr>
<tr><td>Increased demand for production</td><td>Insufficient manpower and increased production costs</td><td>Adjust manpower response, and continue to conduct market research and understand industry trends to flexibly respond to production needs.</td></tr>
<tr><td>Supplier unable to ship</td><td>Affect product shipments, resulting in reduced production capacity and also affect the company's operations.</td><td>Maintain the cooperative relationship with suppliers, strengthen the supply chain and inventory management, in order to maintain the company's operations and financial operations.</td></tr>
<tr><td rowspan="2">Social</td><td>Loss of key talents</td><td>Brain drain will affect morale and increase the cost of training and training.</td><td>Analyzing the reasons for brain drain, strengthening labor-management communication, discovering high-potential talents and cultivating successor plans will help enterprises develop.</td></tr>
<tr><td>workplace safety risks</td><td>If a major accident occurs, it will not only cause injury to employees, but also affect the image of the company.</td><td>Strengthen environmental safety and health functional training, continue to promote the environmental safety and health management system, build employees' awareness of equipment and work safety, and reduce the incidence of accidents.</td></tr>
<tr><td>Environmental</td><td>The impacts caused by climate change</td><td>To minimize harm to the environment and ensure compliance with environmental regulations</td><td>Continue to promote the concepts of energy saving, carbon reduction and environmental protection.</td></tr>
</table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th>Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th><th></th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td>Rising awareness of environmental protection and stricter regulations</td><td>Replace old equipment with new ones to reduce energy consumption.</td><td>Mandatory identification, collection, and regular updating of relevant laws and regulations. Production equipment and control equipment are replaced with new ones to maintain their efficiency and reduce energy consumption.</td></tr></table></td><td></td></tr>
<tr><td>3. Environmental issues
（1）Does the company establish proper environmental management systems based on the characteristics of their industries?

（2）Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?

（3）Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</td><td>V

V

V</td><td></td><td>(1)Celxpert Energy Corp. is committed to producing high-quality battery module products while adhering to our business philosophy of responding to the green environmental movement. We pledge to follow the following environmental policies as a guiding principle for all our actions and strive to:
1.:Environmental Protection is of Utmost Importance
Comply with national environmental regulations and other requirements, and enhance the environmental awareness of all employees.
2.:Market Comes First
Persist in continuous improvement of environmental performance, strengthen environmental substance control and pollution prevention, and expand the company's service market.
3.:Profitability is the Top Priority
Make full and reasonable use of resources and energy, gradually achieve the environmental goals of energy conservation and waste reduction, and reduce production costs
4.:People are the Fundamantal Prority
Improve the working and living environment of employees and ensure the effective operation of the system.
To sum up the above environmental policies, the company will continue to publicize and educate employees, so that they understand and maintain this policy as the highest guiding principle of the company's environmental management.
(2) Celxpert Energy Corp. starts from an environmentally friendly perspective, the production sites have obtained ISO 9001 & 14001 certification for quality and environmental management systems, OHSAS 18001 certification for occupational health and safety management system, and IECQ QC080000 verification for hazardous substance management process system. We actively comply with the prohibition of hazardous substances, enhance product environmental protection, and uphold green and sustainable development. We take concrete actions for environmental protection and effectively implement the Electronic Industry Code of Conduct, promoting corporate social responsibility. We are committed to improving and balancing the economy, environment, and society.
(3) Since the implementation of the Kyoto Protocol, global warming and climate change have become crucial issues for sustainable development. Reducing greenhouse gas emissions has emerged as one of the most prioritized concerns for countries worldwide. In response to climate change and the greenhouse gas effect, and in line with the global effort to protect the Earth and reduce carbon emissions, the company has established the "Greenhouse Gas Inventory Task Force" to conduct internal greenhouse gas emissions inventory. We are also planning to engage a third-party verification process to complete the inventory list and inventory report, which will serve as the basis for developing a roadmap for achieving net-zero transition strategies.</td><td>None

None

None</td></tr>
<tr><td>（4）oes the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</td><td>V</td><td></td><td>(4) In response to the requirement of reducing carbon emissions to protect the Earth, the company strives to monitor and implement carbon footprint reduction programs at our operational sites. We are progressively improving and enhancing energy efficiency in various power systems areas, such as lighting, and encouraging our colleagues to continuously innovate and strive for energy savings, cost reduction, improved production efficiency, per capita output, and waste utilization in various fields. We also promote effective energy-saving measures with the aim of reducing our environmental impact.
Scope of Data Coverage: (Longtan Park Branch, Taiwan and Kunshan factory, Mainland China)</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>★Greenhouse Gas Emissions Unit: Metric Ton
<table>
<tr><th>Item / Year</th><th>Category 1</th><th>Category 2</th><th>Category 3</th><th>Total</th></tr>
<tr><td>2021</td><td>319.81</td><td>4,235.44</td><td>15,245.03</td><td>19,800.28</td></tr>
<tr><td>2022</td><td>360.59</td><td>3,767.80</td><td>7,565.80</td><td>11,694.19</td></tr>
</table>
External Verification Year: 2021
Verification Agency: TÜV Rheinland Taiwan Ltd., TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch
Verification Standards: ISO 14064-1:2018
Verification Result: Passed
★ Water Resource Management
Unit: Metric Ton
<table>
<tr><th>Item / Year</th><th>Water Consumption</th></tr>
<tr><td>2021</td><td>65.7</td></tr>
<tr><td>2022</td><td>69.1</td></tr>
</table>
In response to the rapid changes in the water environment caused by climate change in recent years, Celxpert Energy Corp. has implemented various water conservation projects despite the increase in manpower and production volume. In addition to promoting water conservation during the summer, we have also installed water-saving faucets to improve water efficiency. The company also closely monitors the external water supply and internal water demand to ensure sustainable water management.
★ Total Weight of Waste
Unit: Metric Ton
<table>
<tr><th>Item / Year</th><th>Hazardous Waste</th><th>Non-Hazardous Waste</th><th>Total</th></tr>
<tr><td>2021</td><td>11.07</td><td>153.16</td><td>164.23</td></tr>
<tr><td>2022</td><td>10.04</td><td>149.94</td><td>159.98</td></tr>
</table>
Celxpert Energy Corp. takes the initiative to implement the prohibition of hazardous substances, improve product environmental protection and maintain Corporate Green Sustainable Development. It takes concrete actions to contribute to environmental protection and ensures compliance with relevant regulations throughout its operations. To effectively manage waste at its facilities, the company is dedicated to promoting diversified waste treatment policies and establishing control documents. Through practical actions, it achieves effective waste management and disposal. From 2021 to 2022, there were no incidents of environmental pollution causing losses for the company.
The Company's Waste Management Process:
① Compliance with relevant laws and regulations: Formulate waste management policies.
② Formulate relevant regulatory documents: waste management procedures.
③Concrete actions for waste reduction: product design adjustment and process change, promotions related to environmental protection in the factory, waste and paper reduction and classification.
④Waste disposal: industrial waste disposal, general waste disposal, resources recycling.</td><td></td></tr>
<tr><td>4. Social issues
(1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>V</td><td></td><td>(1)Celxpert Energy Corp. adheres to the policy of respecting employees and sustainable operation, regards employees as extremely important resources. To demonstrate and protect employees' rights, the company strictly abides by the United Nations Global Compact (UNGC), Responsible Business Code of Conduct (RBA), local laws and regulations, and others in order to protect the rights and interests of employees. According to relevant government regulations, various personnel rules and regulations are established in accordance with the law to ensure that the labor rights and interests of employees are protected. We are committed to creating an inclusive and friendly working environment that promotes equality and does not discriminate against employees based on their race, social class, language, beliefs, religion, political affiliation, birthplace, gender, sexual orientation, age, marital status, appearance, physical or mental disabilities, or membership in a labor union. We strive to enhance equal opportunities and foster a diverse workforce by establishing effective communication mechanisms, providing comprehensive compensation and benefits, and offering training and development opportunities. Our main goal is to retain talent and promote the holistic development of our employees.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th>Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th><th></th></tr>
<tr><td>

(2)Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries propriately?</td><td>

V</td><td></td><td>(1) Human Resource Management Policy:
①Protection of employee/labor rights and rights
②Enhance the quality of enterprise/caring
③Prioritize staff/training and development
④Comply with national/labor laws and regulations
⑤Create a warm / friendly workplace
(2) Implementation Policy:
①Prohibition of forced labor and child labor.
②Support the prohibition of human trafficking.
③Comply with all applicable wage and working hours regulations.
④Provide a safe, healthy and harassment-free working environment.
⑤Eliminate discrimination and bullying and ensure equal job opportunities.
⑥Respect employees' freedom of association, implement peaceful assembly and collective coordination business rights.
⑦Respect Privacy and Ensuring Compliance with Legal Requirements for the Collection and Use of Personal Data
(2)The company has formulated relevant salary and remuneration measures such as "Welfare Granting Operation Measures", "Performance Appraisal Management Measures", and "Reward and Punishment Management Measures". The salary and compensation system is based on the employee's academic background and experiences, professional knowledge and technology, professional seniority, personal performance and contribution to the company, and then combined with the company's operating performance. We firmly believe that employees are the company's greatest asset. The company does not treat management, direct and indirect personnel differently due to factors such as gender, race, religion, and politics. The company regularly obtains credible salary level surveys through professional organizations, and reviews the company's remuneration system, hopes that the company's compensation system is fairly competitive in the market, and looks forward to attracting and retaining outstanding talents through competitive remuneration conditions. The main rewards for employees include:
1. Employee Remuneration: If there is a surplus in the company's annual general financial statement, according to Article 28 of the company's Articles of Association, 3% to 12% of employee remuneration will be allocated before tax, and it will be distributed according to individual performance and contribution to the company .
2. Year-end Bonus: Issuance according to the company's operating performance and the employee's individual performance.
3. Annual Promotion and Salary Adjustment: Promotion and salary adjustment are carried out every year according to the individual performance of employees and the company's operating performance.
4. Employee Shareholding Trust: In order to improve employee welfare and encourage employees to save, the company has planned an "Employee Shareholding Trust" system in September 2021, and has established the Shareholding Trust Committee.</td><td>

None</td></tr>
<tr><td>(3)Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</td><td>V</td><td></td><td>(3) Employees are the most important assets of the company. It is necessary for the company to provide a complete safe and healthy environment. Therefore, the company, which is superior to 【Occupational Safety and Health Act】 and 【Regulations of the Labor Health Protection】 and other laws and regulations, conducts a health check-up once a year for all employees to safeguard their physical and mental health, prevent occupational diseases, and serve as a reference for work arrangements and improvement of the working environment.
<table>
<tr><th colspan="2">【Regulations of the Labor Health Protection】 Provisions</th><th colspan="2">Celxpert Energy Corp. Provisions</th></tr>
<tr><th>Age</th><th>Health Check Frequency</th><th>Age</th><th>Health check Frequency</th></tr>
<tr><td>Over 65 years old</td><td>Once a year</td><td rowspan="3">Regard less of age</td><td rowspan="3">Once a year</td></tr>
<tr><td>Over 40 years old, but under 65 years old</td><td>Once every three years</td></tr>
<tr><td>Under 40 years old</td><td>Once every five years</td></tr>
</table></td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			The company has established on-site medical and nursing personnels to provide occupational disease advice, health management, and related health consultations for employees. In addition to providing on-site medical services and arranging health check-ups, the company has planned corresponding hardware facilities (medical room/nursing room) and installed Automated External Defibrillators (AEDs) in the company lobby in compliance with the Emergency Medical Services Act., as well as has conducted health seminars to ensure employees work contentedly in a healthy workplace. To protect employees from the hazards of harmful substances in the workplace and provide a healthy and comfortable working environment, the company conducts environmental monitoring twice a year. The results of the monitoring all are all qualified and in line with the standards. The company is committed to building a comprehensive occupational health and safety management system, promoting prevention and response measures for occupational accidents, and implementing specific safety and health management procedures for machinery, chemicals, and fire protection facilities within the factory. Standard specifications and educational training are completed, and various inspection measures are implemented for personnel, equipment, and working environment to ensure employee health and safety, equipment safety, safe operation of processes, and a high-quality and safe working environment. In terms of occupational accident statistics, there were no occupational accidents within the factory in 2021-2022.	
(4)Does the company provide its employees with efficient career development and training sessions?	V		(4) Celxpert Energy Corp. recognizes that talents are the assets of the company, and cultivating talents is an important factor for the continuous expansion of the company. Regardless of gender and age, a systematic cultivation system has been established, and a comprehensive internal education and training system has been formulated to meet the needs of various departments. Investigate and plan various training courses to ensure that employees and supervisors not only have the skills to execute business, improve work quality and efficiency, but also take root in work and strengthen functional development. In addition to the internal training, employees can also arrange external training courses, obtain certificates, participate in practical and academic seminars, absorb external information and communicate with each other. Therefore, the rich, diverse and professional courses are the ways to support employees for improving their professional functions and development. In order to encourage the self-growth of employees and in accordance with the company's promotion system, employees who intend to be promoted must complete the required training hours to ensure that they can meet the basic threshold of the functions of the position. In order to allow employees to have multiple learning channels, E-learning online has been launched since August 2019, so that staff can study independently after busy work to meet the learning needs of employees. In addition, the company organizes incentive activities to encourage employees to participate proactively, and expects E-learning to become one of the multiple learning channels to improve training effectiveness. As of March 2023, 274 employees participated in online learning, and the average click course number per person was 139.	None
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		(5) The company complies with customer and international environmental regulations, as well as the HSF (Hazardous Substance Free) regulations, we have established the "Green Product Management Guidelines" to ensure that all our products meet the environmental requirements of relevant international regulations and customer specifications. This includes adherence to environmental standards in the company's product design and development, procurement, and supplier collaboration to minimize harms to the Earth environment and human health. Furthermore, we prioritize information security and customer privacy, we are committed to protecting the confidentiality of customer information to safeguard the rights of both the company and our customers. To ensure the effective implementation of our information management systems and maintain the confidentiality, integrity, and availability of critical information systems, it is vital to ensure the secure operation of our information systems and achieve sustainable business operation.	None
(6)Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational safety and health, or labor rights? And how is the implementation status?	V		(6)The company communicates and visits suppliers irregularly to ensure the delivery quality of raw materials and on-time delivery, foreign suppliers also visit Taiwan for exchanges, establishing close interactions and obtaining direct feedback which enables us to establish stable supply chains and stay informed about market dynamics and trends. To further enhance our	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			commitment to sustainability, we have developed the "Green Product Management (GPM)" for suppliers. This system requires suppliers to comply with relevant regulations such as RoHS and REACH. Suppliers are expected to uphold the ecological balance between economic and environment. In order to comply with supplier sustainability policies and effectively manage suppliers, the company has established Supplier Management Procedures. In addition to evaluating suppliers based on the three major criteria of quality, delivery time, and price, we identify and list high-risk suppliers, provide assistance in improvement and training, and continuously monitor and manage them. Our goal is to enhance product quality and technology, improve yield-related issues, and ensure that suppliers align with the principles of sustainability of the company. This approach aims to enhance the overall competitiveness of the supply chain.	
5.Does the company reference internationally regonized reporting standards or guidelines, and prepare sustainability reports that disclose non-financial information of the company? Has the aforementioned reports obtained assurance or assurance opinions from a third party verification unit?	V		The company promotes and practices Corporate Social Responsibility (CSR) proactivity, and we currently publish a CSR report every two years, which summarizes the efforts and achievements in three main areas: corporate governance, green environment, and social care in the previous two years, and demonstrates to stakeholders the company's efforts and performance in the three sustainability indicators of governance, environment and society. The report complies with the GRI Standards issued by the Global Reporting Initiative (GRI): Core Options as the basis for writing, and also refers to relevant international standards in order to strengthen information disclosure, including Task Force on Climate-related Financial Disclosures regulations which are released by the working group of Task Force on Climate-related Financial Disclosures (TCFD), and the standards of Sustainability Accounting Standards Board (SASB) to set up domestic disclosure standards to strengthen sustainability reports disclosure information, and in accordance with the code of practice for corporate social responsibility of TWSE/GTSM Listed Companies, and the operation method of preparing and declaring Corporate Social Responsibility report by TWSE/GTSM Listed Companies to conduct preparation and disclosure. Current issue date: Issued in October 2022, which has been published on the official website of the company (https://zh-tw.celxpert.com.tw/pdf/84036/2021) The company's CSR report has not been certified by relevant institutions.	None
6. If the company formulates its own sustainable development code in accordance with the "Code of Practice for Sustainable Development of Listed OTC Companies", please describe the differences between its operation and the stipulated code: The company has formulated the "Code of Practice for Sustainable Development", which was implemented after being approved by the board of directors on November 3, 2016, and placed on the company's website (website: https://zh-tw.celxpert.com.tw/ data_5936) HOME>Investor Area>Stock Affairs Information, the relevant operations are all in accordance with the rules and there is no difference.				
7. Other important information that is helpful to understand the implementation of sustainable development: Take it from the society and give back to the society. While gaining economic benefits, Celxpert also expects to be able to give back the value of the enterprise to the community and society. Celxpert cultivates the relationship between local communities and schools, and supports the activities of non-profit organizations and associations, so that the company's investment in community feedback and social participation can have far-reaching impact and significance, and enhance the role of civic enterprises. The main objects of our company's social care are schools and non-governmental organizations. In addition to providing resource-based care and assistance, we also expand the society's awareness of our company through the planning and design of activities. Celxpert believes that community feedback and social participation are not just about investing money , but to practice the role of a corporate citizen and expect to bring positive changes to society.				

List of community feedback and social participation

Service object	Sponsorship amount	Main content
Taoyuan City Police Department	NT$200,000	Response to the Taoyuan Enterprise Federation's donation to the Anti-Chop Gloves Group
Taoyuan City Government	NT$211,000	Response to Taoyuan Enterprise Association's donation of relevant epidemic prevention materials
5wayhouse	NT$760,000	Donate to Operating Fund
Pingtung Cihui Shandao Academy	NT$9,500	Response to Taichung Legacy Association subscription activity
Wuhan Elementary School	NT$200,000	Establishment of Celxpert Scholarship (Targets are mainly impoverished students and those with disabilities)
Taoyuan Enterprise Federation and Xanadu Cultural and Educational Charity Foundation	NT$100,000	Sponsorship for rapid screening reagents and follow-up epidemic prevention related materials
Taoyuan Private Lohas Nursery	NT$18,000 / season	Donate to Operating Fund
Happiness Foundation	NT$18,000 / season	Donate to Operating Fund
Taoyuan Private Kangfu Intelligent Development Center	NT$54,000 / season	Donate to Operating Fund
1919 Food Bank	NT$30,000 / season	Donate to Operating Fund

Note 1: The principle of materiality refers to issues related to environment, society and corporate governance that have a significant impact on company investors and other stakeholders.

(7) The situation and reasons for the performance of integrity management and the differences from the code of integrity management of listed OTC companies.

Evaluation items	Operation status (note)			The situation and reasons for the differences with the Code of Integrity Management of listed OTC companies
	Yes	No	Summary description	
1. Formulate integrity management policies and options (1) Does the company formulate an honest management policy approved by the board of directors, and clearly state the policy and practices of honest management in regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the business policy?	V		(1) The company has formulated the "Code of Integrity Management", which was revised and approved by the board of directors on March 8, 2018. It requires directors, managers and employees to follow integrity standards and establish a good corporate governance and risk control mechanism. The method has been disclosed on the company's website for compliance.	None.
(2) Whether the company has established a risk assessment mechanism for dishonesty, regularly analyzes and evaluates business activities with relatively high risks of dishonesty within the scope of business, and formulates a plan to prevent dishonesty based on this, and at least covers "listing on the OTC market" What are the preventive measures for the behaviors in the second paragraph of Article 7 of the company's code of integrity management?	V		(2) The management of the company attaches great importance to integrity management, and focuses on preventing fraud in the design of the internal management system, and uses system planning to prevent dishonesty and reduce the risk of dishonesty.	None.
(3) Does the company clearly define operating procedures, behavior guidelines, punishment and appeal system for violations in the plan for preventing dishonesty, and implement it, and regularly review and revise the previous disclosure plan?	V		(3) The company has formulated the "Code of Integrity Management", which includes the prohibition of dishonest behavior and the reporting system, and must promote the company's core values through employee education and training, emphasizing the company's policy based on integrity.	None.
2. Implement integrity management (1) Does the company evaluate the integrity records of its counterparties, and specify the terms of honest behavior in the contracts it signs with its counterparties?	V		(1) The company upholds the principle of treating customers and suppliers fairly, and suppliers formulate confidentiality and integrity clauses in the contracts in accordance with the company's "Supplier Management Measures" to ensure that both parties engage in fair and transparent transactions. If the manufacturer violates the terms of confidentiality and integrity and causes damage to the company, it will demand compensation and take necessary legal actions.	None.
(2) Has the company set up a unit responsible for promoting corporate integrity management under the board of directors, and regularly (at least once a year) report to the board of directors its integrity management policies, plans for preventing dishonest behavior, and supervision and implementation?		V	(2) The company has not yet set up a full-time (part-time) unit to promote corporate integrity management, but has followed the "Code of Integrity Management", requiring directors, managers and employees to follow integrity standards and establish a good corporate governance and risk control mechanism . The method has been disclosed on the company's website for compliance.	None.
(3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for statements, and implement them?	V		(3) The company has formulated the "Code of Integrity Management", which was revised and approved by the board of directors on March 8, 2018, requiring directors, managers and employees to follow integrity standards and establish a good corporate governance and risk control mechanism. The method has been disclosed on the company's website for compliance.In addition, the company has set up a special area for interested parties on the	None.

Evaluation items	Operation status (note)			The situation and reasons for the differences with the Code of Integrity Management of listed OTC companies
	Yes	No	Summary description	
(4) Whether the company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit draws up relevant audit plans based on the assessment results of dishonesty risks, and checks the plan for preventing dishonesty Follow the situation, or commission an accountant to perform the check? (5) Does the company hold regular internal and external education and training on integrity management?	V V		company website to provide appropriate information for interested parties. Please refer to page 36 of the annual report for relevant contact information. (4) The company has established an internal control system, internal audit implementation rules, accounting systems and various management regulations, and has implemented the requirements and norms of honest management in the implementation, internal audits and regular and irregular implementation of relevant auditing matters, and Report its results to the Board of Directors. (5) In order to establish a corporate culture of integrity management, the company not only promotes and implements the company's integrity policy through guidance and training for new recruits, but also urges all colleagues to establish a good corporate culture based on integrity based on the business philosophy of integrity, transparency, and responsibility. Corporate governance and risk control mechanisms to ensure the implementation of honest business policies.	None. None.
3. The operation of the whistleblowing system of the company (1) Has the company established a specific whistleblowing and reward system, established channels to facilitate whistleblowing, and assigned appropriate specialists to handle whistleblowers? (2) Has the company established a standard operating procedure for the investigation of the reported matter, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism? (3) Has the company adopted measures to protect the whistleblower from being improperly dealt with due to whistleblowing?	V V V		(1) The company has set up a special area for interested parties on the website, and encourages the reporting of any violations of integrity management and violations of laws and regulations, which can be reported through the contact window of interested parties on the company's website. (2)~(3) The company has stipulated in the internal rules and regulations that employees are encouraged to report to independent directors, managers, internal audit supervisors or other appropriate personnel when they suspect or discover violations of laws, regulations or ethical codes of conduct , the company will do its best to protect the safety of the whistleblower from retaliation.	None. None.
4. Strengthen information disclosure Does the company disclose the content of its integrity management code and promote its effectiveness on its website and public information observation station?	V		The company has a website to disclose relevant information such as business philosophy and has a dedicated department responsible for the collection and release of various company information.	None.
5. If the company formulates its own code of integrity in accordance with the "Code of Integrity for Listed OTC Companies", please describe the difference between its operation and the established code: the company has implemented it in accordance with the established "Code of Integrity".				
6. Other important information that is helpful to understand the company's integrity management and operation: (such as the company's review and revision of its integrity management code, etc.) None.				

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

(7) If the company has formulated corporate governance codes and related regulations, it should disclose its inquiry methods

The company has not formulated a corporate governance code of practice at present, and will formulate it in due course in the future depending on the needs of the company's operating conditions.

(8) Summary of the resignations and dismissals of the company's chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent year and as of the publication date of the prospectus

Job title	Name	Arrival date	Dismissal date	Reason for resignation or dismissal
R&D supervisor	Yao-Qing Chen	2007.03.26	2023.01.01	Retire

(9)Other important information sufficient to enhance the understanding of the operation of corporate governance may be disclosed together

2022 directors' training status:

Job title	Name	Study date	Organizer	Course Title	Training hours
Chairman	Shih-Ming Huang	2022.10.28	Securities and Futures Institute (SFI Taiwan)	Analysis and decision-making application of corporate financial information	3.0
		2022.11.04	Securities and Futures Institute (SFI Taiwan)	Looking at Corporate Governance from the Perspective of procuratorate 3.0	3.0
Director	Yung-Tsai Chen	2022.11.10	Taiwan Corporate Governance Association	How to use ESG to create value and manage risks	3.0
		2022.12.20	Taiwan Corporate Governance Association	Integrity Enterprise and Corporate Governance - Japanese Experience	3.0
Director	Chien-Ting Chen	2022.08.08	Corporate Operating and Sustainable Development Association	Discussion on Taiwanese Businessmen's Management and M&A Strategies from the Perspective of Global Political and Economic Situation	3.0
		2022.11.16	Securities and Futures Institute (SFI Taiwan)	Technology Development and Business Opportunities of Electric Vehicles and Smart Vehicles	3.0
Director	Ling-Ju Huang	2022.11.23	Securities and Futures Institute (SFI Taiwan)	The latest development trend and countermeasures of international carbon tariffs	3.0
		2022.12.02	Taiwan Institute of Directors	After the epidemic, the key to the everlasting growth of family businesses	3.0
		2022.12.14	Securities and Futures Institute (SFI Taiwan)	Discussion on Cases of Fraud in Enterprise's Financial Statements	3.0
Director	Ching-Jung Huang	2022.04.22	Taiwan Institute for Sustainable Energy	Taiwan 30 Sustainable Net Zero Summit Forum - Seriously clearing zero to achieve sustainable 2030	3.0
		2022.06.28	Taiwan Corporate Governance Association	Quickly interpret and prepare for ESG disclosure requirements of corporate governance 3.0	3.0
Director	Jung-Chou Lee	2022.09.27	Taiwan Investor Relations Institute	Taiwan corporate mergers and acquisitions practice	3.0
		2022.11.10	Taiwan Investor Relations Institute	5G-type enterprise digital transformation and the new face of competition	3.0
Independent director	Wei-Hung Lin	2022.09.22	Securities and Futures Institute (SFI Taiwan)	Introduction and case analysis of short-term trading by company insiders	3.0
		2022.11.15	Taiwan Corporate Governance Association	Analysis of Management Right Contest and Prevention Strategies	3.0
Independent director	Chih-Wei Tsai	2022.05.12	Taiwan Corporate Governance Association	How to conduct equity planning and organizational structure design for start-up companies	3.0
		2022.08.12	Taiwan Corporate Governance Association	Competitiveness vs Viability, ESG Trends and Strategies	3.0
Independent director	Jan-Yan Lin	2022.06.23	The Institute of Internal Auditors, R.O.C.	In the face of climate change and the tide of sustainable development, explore the internal control of enterprises from the perspective of ESG risk	6.0

The learning and training situation of managers in 2022:

Job title	Name	Study date	Organizer	Course Title	Training hours
Financial Supervisor	Chien-Yu Lin	2022.11.02	Accounting Research and Development Foundation	Corporate Fraud Detection and Prevention Practice: Legal Responsibility, Forensics and Big Data Analysis	6
		2022.11.30	Accounting Research and Development Foundation	The latest ESG sustainability and financial report self-compilation related policy development and internal control management practices	6
Head of Corporate Governance	Dai-Ling Lin	2022.07.06	Accounting Research and Development Foundation	Analysis of the latest corporate governance policies and corporate governance evaluation practices	3

Job title	Name	Study date	Organizer	Course Title	Training hours
		2022.07.08	Accounting Research and Development Foundation	Auditing and control practices of internal auditors for information security	6
		2022.07.11	Accounting Research and Development Foundation	New Trends in ESG and TCFD Reports: Grasp the Key Points of Information	3
		2022.09.02	Taipei Exchange	Insider shareholding publicity briefing for companies emerging from the OTC	3

Persons related to transparency of financial information, the relevant certificates and licenses specified by the competent authority: None

(10) Matters to be disclosed regarding the implementation of the internal control system:

1. Internal control statement:

CELXPERT ENERGY CORPORATION

Statement of Internal Control System

Date: March 10, 2023

Based on the results of self-assessment, the internal control system of the company in 2022 is hereby declared as follows:

1. The company knows that it is the responsibility of the board of directors and managers of the company to establish, implement and maintain an internal control system, and the company has already established such a system. Its purpose is to achieve the goals of operation effectiveness and efficiency (including profit, performance and asset security, etc.), report reliability, timeliness, transparency and compliance with relevant norms and relevant laws and regulations, provide reasonable assurance.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system Subject to change. However, the company's internal control system has a self-monitoring mechanism. Once a defect is identified, the company will take corrective action.
3. The company judges whether the design and implementation of the internal control system are effective based on the items for judging the effectiveness of the internal control system stipulated in the "Guidelines for the Establishment of Internal Control Systems for Publicly Issued Companies" (hereinafter referred to as "the Guidelines"). The internal control system judgment items adopted in the "Processing Criteria" are to divide the internal control system into five components according to the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervise operations. Each constituent element in turn includes several items. For the aforementioned items, please refer to the provisions of the "the Guidelines".
4. The company has adopted the above-mentioned internal control system to judge projects and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, the company believes that the company's internal control system (including the supervision and management of subsidiaries) on December 31, 2022, including understanding the effectiveness of operations and the degree to which efficiency goals are achieved, and reports are reliable , Timely, transparent, and compliance with relevant norms and relevant laws and regulations, the design and implementation of the relevant internal control system are effective, which can reasonably ensure the achievement of the above goals.
6. This statement will become the main content of the company's annual report and prospectus, and will be made public. If there are falsehoods, concealment, or other illegal matters in the above-mentioned disclosed content, it will involve legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the company's board of directors on March 10, 2023. The nine directors present all agreed with the content of this statement and hereby declare it.

CELXPERT ENERGY CORPORATION

Chairman

And : Shih-Ming Huang

General Manager

2. Those who entrust an accountant to review the internal control system shall disclose the accountant's review report: none.

(11) The company and its internal personnel were punished according to law in the most recent year and as of the date of publication of the annual report, the company's internal personnel violated internal control system regulations, major deficiencies and improvements: None.

(12) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of publication of the annual report:

(1) Implementation of the resolutions of the 2022 ordinary shareholders meeting (2022.06.15):

Item	Important Resolutions	Execution situation
1	Approved the company's 2021 annual business report and financial statement approval. The case was passed by vote.	It has been announced on the Public Information Observatory.
2	Approved the company's 2021 earnings distribution recognition case. The case was passed by vote.	The announced ex-dividend base date is 2022.07.30, and the cash dividend has been paid on 2022.08.18.
3	Approved the amendment to the company's "Articles of Association". The case was passed by vote.	Announced for implementation.
4	Approved the revision of the company's "Procedures for Acquisition or Disposal of Assets". The case was passed by vote.	Announced for implementation.

Note: There are no extraordinary motions at the general meeting of shareholders of the company, and there is no change in the agenda within 7 days before the meeting.

(2) Important resolutions passed by the board of directors as of the publication date of the annual report:

Board date	Important resolution
The ninth 5th 2022.03.04 Board of Directors	1. The company's 2021 internal control system statement 2. The company's manager's year-end bonus distribution ratification case. 3. The company's managers' 2021 performance index evaluation and 2022 performance index salary discussion proposal. 4. The company's business bonus planning discussion proposal. 5. Discussion on the company's 2021 employee and director remuneration payment methods. 6. The company's 2021 annual business report and financial statement. 7. The company's 2021 profit distribution plan. 8. The company's 2021 cash dividend distribution case 9. The company's 2022 annual business plan. 10. The appointment and remuneration of the company's financial report certification accountants. 11. Matters related to the company's 2022 ordinary shareholders' meeting and acceptance of shareholders' right to propose proposals. 12. The company's bank limit renewal case. 13. Amendments to the Company's Articles of Association. 14. Amendments to the company's "Procedures for Acquisition or Disposal of Assets". 15. Subsidiary KEELGO ENERGY CO., LTD. issued new shares for cash capital increase. 16. The company's proposed cash capital increase subsidiary KEELGO ENERGY CO., LTD. case. 17. The company plans to handle the 2022 cash capital increase to issue new shares and issue the third domestic unsecured conversion corporate bond.
The ninth 6th time 2022.05.06 Board of Directors	(1) The company's bank limit renewal case. (2) The company intends to provide an endorsement guarantee for Celxpert (Kunshan) Electronics Co., Ltd. (3) Subsidiary KEELGO ENERGY CO., LTD reduced capital to make up for losses and issued new shares with cash capital increase. (4) The company's proposed cash capital increase subsidiary KEELGO ENERGY CO., LTD case. (5) The company's proposed capital loan to its subsidiary KEELGO ENERGY CO., LTD case. (6) The company intends to provide an endorsement guarantee for its subsidiary KEELGO ENERGY CO., LTD.
The ninth 7th time 2022.08.05 Board of Directors	(1) The company's financial report for the second quarter of 2022. (2) Discussion proposal on the payment of compensation to managers and employees of the company. (3) Discussion proposal on payment of remuneration to directors of the company. (4) The company's bank limit renewal case. (5) The company plans to provide an endorsement guarantee for Celxpert (Kunshan) Electronics Co., Ltd. (6) The company's "Internal Material Information Handling Procedures" was revised and renamed as "Internal Material Information Handling and Insider Trading Prevention Management Procedures". (7) Amendments to the Company's "Operation Measures for the Supervision of Subsidiaries". (8) Amendments to the company's "Internal Control System" and "Internal Audit Implementation Rules".

The ninth 8th time 2022.11.04 Board of Directors	(1) The company's financial report for the third quarter of 2022. (2) The company's bank limit renewal and loan increase case. (3) The company plans to provide an endorsement guarantee for Celxpert (Kunshan) Electronics Co., Ltd. (4) The company plans to provide an endorsement guarantee for Celxpert (Nantong) Electronics Co., Ltd. (5) Amendments to the company's "Internal Material Information Handling and Insider Trading Prevention Management Procedures". (6) Amendments to the company's "Board of Directors' Rules of Procedure". (7) Draft the company's 2023 annual audit plan. (8) Amendments to the Company's "Board of Directors and Functional Committee Performance Evaluation Measures".
The ninth 9th time 2023.03.10 Board of Directors	(1) The company's 2022 business report and financial statement. (2) The company's 2022 profit distribution plan. (3) The company's 2022 cash dividend distribution case. (4) The company's 2023 business plan. (5) The company's 2022 statement on the internal control system. (6) The ratification of the distribution of year-end bonuses to managers of the company. (7) The 2022 performance index evaluation of the company's managers and the 2023 performance index salary discussion proposal. (8) The company's promotion manager discussion proposal. (9) Discussion proposal on the salary adjustment of the company's managers. (10) The company's 2022 employee and director remuneration payment method discussion proposal. (11) Appointment of the company's financial report certification accountant. (12) It is proposed to formulate the general principles of the company's pre-approval non-confirmation service policy. (13) Matters related to the company's 2023 shareholders' regular meeting and acceptance of shareholders' right to propose proposals. (14) It is proposed to submit and approve the list of independent director candidates nominated by the board of directors and decide on the candidate qualifications. (15) Election of independent directors of the company and acceptance of nomination period, number of candidates and acceptance of cases. (16) The company's bank limit renewal case. (17) The company intends to handle the 2023 cash capital increase to issue new shares and issue the third domestic unsecured conversion corporate bond.

(13) If the directors or supervisors disagreed with the important resolutions of the board of directors in the most recent year and as of the date of publication of the annual report, and there are records or written statements, the main content: None.

(14) Summary of the resignations and dismissals of the company's chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent year and as of the date of publication of the annual report:

Job title	Name	Arrival date	Dismissal date	Reason for resignation or dismissal
R&D supervisor	Yao-Qing Chen	2007.03.26	2023.01.01	Retire

3.4. Public fee information for visa accountants: Unit: NT$ thousand

Accounting firm name	Accountant name	Accountant review period	Audit fees	Non-audit fees	Total	Remark
KPMG (Taiwan)	Guan-Ying Guo I-Wen Wang	2022.01.01~ 2022.12.31	2,880	1,430	4,310	Non-audit fees: 1. Tax visa NT$ 550,000 2. R&D investment of NT$ 220,000 3. TP report NT$ 540,000 4. Fundraising proposal NT$ 120,000

Please specify the content of non-audit public service services: (such as tax visa, confirmation or other financial consulting services)

Note: If the company has changed its accountant or accounting firm this year, please list the audit period separately, explain the reason for the change in the remarks column, and disclose the audit and non-audit public fees paid in order. Non-audit public fees should be accompanied by a note explaining the service content.

(1) If the accounting firm is changed and the audit fee paid in the replacement year is less than the audit fee in the previous year, the amount of audit fees before and after the change and the reasons shall be disclosed: there is no such case.

(2) If the audit public fee has decreased by more than 10% compared with the previous year, the amount, proportion and reason of the audit public fee reduction shall be disclosed: there is no such case.

3.5. Change of accountant information: None.

3.6. The company's chairman, general manager, and manager in charge of financial or accounting affairs have worked in the firm of the certified accountant or its affiliated companies within the last year: None.

3.7. Changes in equity transfers and equity pledges of directors, supervisors, managers, and shareholders holding more than 10% of the shares in the most recent year and as of the date of publication of the annual report:

(1) Changes in equity of directors, supervisors, managers and major shareholders:

Job title	Name	2022		2023 until April 17	
		Number of shares held increased (decreased)	Number of pledged shares increased (decreased)	Number of shares held increased (decreased)	Number of pledged shares increased (decreased)
Chairman and General Manager	Shih-Ming Huang	(71,000)	0	0	0
Director	Yung-Tsai Chen	0	0	0	0
Director	Chien-Ting Chen	0	0	0	0
Director	KangHuei Investment Co., Ltd Ling-Ju Huang	0	0	0	0
Director	Hao Bai Limited Jung-Chou Lee	1,000 (7,000)	0	0	0
Director	KAISENG INVESTMENT CO. Ching-Jung Huang	0	0	0	0
Independent director	Wei-Hung Lin	0	0	0	0
Independent director	Jan-Yan Lin	0	0	0	0
Independent director	Chih-Wei Tsai	0	0	0	0
Deputy General Manager	Yao-Qing Chen (Note 1)	0	0	0	0
Deputy General Manager	Chin-Te Chen	0	0	0	0
Deputy General Manager	Cheng-Yang Tsai	0	0	0	0
Deputy General Manager	Ching-Jung Huang	71,000	0	0	0
Associates	Chun-Che Hsu (Note 2)	0	0	0	0
Treasurer and head of accounting officer	Chien-Yu Lin	0	0	0	0
Head of Corporate Governance	Dai-Ling Lin	0	0	0	0

Note 1: Deputy General Manager Yao-Qing Chen retired on January 1, 2023.

Note 2: Assistant Chun-Che Hsu was promoted by the board of directors on March 10, 2023.

(1) Information on the relative of the equity transfer who is a related party:

Name	Reason for equity transfer	transaction date	Counterparty	The relationship between the counterparty of the transaction and the company, directors, supervisors, managers, and shareholders holding more than 10% of the shares	number of shares	Trading price
Shih-Ming Huang	Donate	2022.12.19	Ching-Jung Huang	Chairman and General Manager of the Company	71,000	34.15
Ching-Jung Huang	Be gifted	2022.12.19	Shih-Ming Huang	Representative of the company's legal person directors and Deputy General Manager of the company	71,000	34.15

(3) Information on the relative of the equity pledged person who is a related party: There is no such case.

3.8. Information on whether the major shareholders who hold the top ten largest shareholders are related to each other or are spouses or relatives within the second degree:
Shareholding ratio accounts for the top ten shareholders, and their relationship information

April 17, 2023

Name	Hold shares		Shares held by spouse and minor children		Holding shares in the name of others		The names and relationships of the top ten shareholders who are related to each other or who are spouses or relatives within the second degree.		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	－
Shih-Ming Huang	3,145,194	3.92%	－	－	－	－	Ching-Jung Huang	Relatives within the second degree	－
KangHuei Investment Co., Ltd Ling-Ju Huang	2,363,000	2.94%	－	－	－	－	－	－	－
KAISENG INVESTMENT CO. Ching-Jung Huang	1,480,000	1.84%	－	－	－	－	Shih-Ming Huang	Relatives within the second degree	－
Yung-Tsai Chen	1,334,484	1.66%	－	－	－	－	－	－	－
Chong-Yun Huang	935,000	1.16%	－	－	－	－	－	－	－
Chien-Ting Chen	747,000	0.93%	－	－	－	－	－	－	－
Hao Bai Limited Jung-Chou Lee	604,000	0.75%	－	－	－	－	－	－	－
Chao-Hua Wu	450,000	0.56%	－	－	－	－	－	－	－
Chase Custodian JP Morgan Securities Co., Ltd. investment account	432,000	0.54%	－	－	－	－	－	－	－
Citibank Custody Berkeley Capital Securities Co., Ltd. investment account	395,000	0.49%	－	－	－	－	－	－	－

3.9. The number of shares held by the company, its directors, supervisors, managers, and enterprises directly or indirectly controlled by the company in the same reinvested enterprise, and calculate the comprehensive shareholding ratio:

Comprehensive shareholding ratio

December 31, 2022; unit: share; %

Invest in business	The company invests		Investments of directors, supervisors, managers, and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Celxpert Holdings Limited (BVI)	24,630,834	100%	-	-	24,630,834	100%
PT.CELXPER ENERGY INDONESIA	17,549	100%	-	-	17,549	100%
Advance Smart Industrial Limited (BVI)	-	-	50,000	100%	50,000	100%
Celxpert Energy (H.K.) Limited	-	-	14,219,520	100%	14,219,520	100%
Celxpert Energy International Limited （SAMOA） (Note 1)	-	-	-	-	-	-
Celxpert (Kunshan) Electronics Co., Ltd.	-	-	(Note 2)	100%	(Note 2)	100%
Celxpert (Nantong) Electronics Co., Ltd.			(Note 2)	100%	(Note 2)	100%
Creative Power Enterprises Inc. (SAMOA)	-	-	10,000,000	100%	10,000,000	100%
KEELGO ENERGY CO., LTD.	8,600,000	85.15%	-	-	8,600,000	85.15%

Note 1: Established but not yet invested.

Note 2: It is a limited company

IV. Fundraising Status

4.1 Company Capital and Shares

1. Source of Capital

(1) Formation of Capital

Year/ Month	Issue Price (NTD)	Authorized Capital		Paid-up Capital		Note		
		Number of Shares (thousands)	Amount (NTD thousands)	Number of Shares (thousands)	Amount (NTD thousands)	Source of Capital (NTD thousands)	Capital offset by non-cash assets	Others
1997.11	10	2,000	20,000	1,358.70	13,587	Establishment 13,587	None	-
1999.02	10	5,255	52,550	4,149.90	41,499	Capital increase through current issuance 27,912	None	-
2000.03	10	5,255	52,550	5,255.00	52,550	Capital increase through current issuance 11,051	None	-
2000.07	15	13,900	139,000	7,808.60	78,086	Capital increase through current issuance 25,536	None	-
2001.12	15	13,900	139,000	8,271.15	82,712	Capital increase through current issuance 4,625.5	None	-
2002.03	12	13,900	139,000	10,500.00	105,000	Capital increase through current issuance 22,288.5	None	Note 1
2003.06	15	20,000	200,000	20,000.00	200,000	Capital increase through current issuance 95,000	None	Note 2
2004.06	10	40,000	400,000	25,604	256,036	Profit transfer 56,036	None	Note 3
	18	40,000	400,000	29,604	296,036	Capital increase through current issuance 40,000	None	Note 3
2005.10	10	60,000	600,000	38,037	380,377	Profit transfer for capital increase NTD 54,738 (thousands) and capital surplus transfer for capital increase NTD 29,603 (thousands)	None	Note 4
2006.03	18	60,000	600,000	42,938	429,377	Capital increase through current issuance 49,000	None	Note 5
2006.10	10	60,000	600,000	52,713	527,126	Profit transfer 97,749	None	Note 6
2007.07	45	100,000	1,000,000	62,713	627,126	Capital increase through current issuance 100,000	None	Note 7
2007.08	10	100,000	1,000,000	74,268	742,685	Profit transfer 115,559	None	Note 8
2008.08	10	150,000	1,500,000	84,655	846,553	Profit transfer 103,868	None	Note 9
2009.07	10	150,000	1,500,000	89,703	897,034	Profit transfer 50,481	None	Note 10
2009.10	10	150,000	1,500,000	90,901	909,014	Conversion of corporate bonds 11,980	None	Note 11
2010.01	10	150,000	1,500,000	95,314	953,141	Conversion of corporate bonds 44,127	None	Note 12
2010.04	10	150,000	1,500,000	97,814	978,141	Conversion of corporate bonds 25,000	None	Note 13
2010.07	10	150,000	1,500,000	97,956	979,556	Conversion of corporate bonds 1,415	None	Note 14
2010.08	10	150,000	1,500,000	102,769	1,027,692	Profit transfer 48,136	None	Note 15
2010.10	10	150,000	1,500,000	107,355	1,073,548	Conversion of corporate bonds 45,857	None	Note 16
2011.01	10	150,000	1,500,000	107,493	1,084,929	Conversion of corporate bonds 11,381	None	Note 17
2011.04	10	150,000	1,500,000	107,951	1,079,509	Cancellation of treasury stocks 5,420	None	Note 18
2011.09	10	150,000	1,500,000	106,951	1,069,509	Cancellation of treasury stocks 10,000	None	Note 19
2011.11	10	150,000	1,500,000	101,951	1,019,509	Cancellation of treasury stocks 50,000	None	Note 20
2012.03	10	150,000	1,500,000	98,990	989,899	Cancellation of treasury stocks 29,610	None	Note 21
2014.09	10	150,000	1,500,000	94,990	949,899	Cancellation of treasury stocks 40,000	None	Note 22
2015.11	10	150,000	1,500,000	90,300	902,999	Cancellation of treasury stocks 46,900	None	Note 23
2016.08	10	150,000	1,500,000	86,800	867,999	Cancellation of treasury stocks 35,000	None	Note 24
2019.03	10	150,000	1,500,000	85,703	857,029	Cancellation of treasury stocks 10,970	None	Note 25
2019.08	10	150,000	1,500,000	83,306	833,059	Cancellation of treasury stocks 23,970	None	Note 26
2020.09	10	150,000	1,500,000	80,306	803,059	Cancellation of treasury stocks 30,000	None	Note 27

Note 1: Approved change registration date and document number: March 21, 2002, granted under the reference number Shang Zi No. 09101093080.

Note 2: Approved change registration date and document number: July 10, 2003, granted under the reference number Zhong Zi No. 09232328000.

Note 3: Approved change registration date and document number: June 17, 2004, granted under the reference number Tai Cai Zheng Yi Zi No. 0930127107

Note 4: Approved change registration date and document number: October 13, 2005, granted under the reference number Zhong Zi No. 09432977920.

Note 5: Approved change registration date and document number: March 7, 2006, granted under the reference number Zhong Zi No. 09531797580.

Note 6: Approved change registration date and document number: October 3, 2006, granted under the reference number Shang Zi No. 09501225100.

Note 7: Approved change registration date and document number: July 11, 2007, granted under the reference number Shang Zi No. 09601160710.

Note 8: Approved change registration date and document number: August 29, 2007, granted under the reference number Shang Zi No. 09601210240.

Note 9: Approved change registration date and document number: August 22, 2008, granted under the reference number Shang Zi No. 09701208360.

Note 10: Approved change registration date and document number: July 30, 2009, granted under the reference number Shang Zi No. 09801169880.

Note 11: Approved change registration date and document number: October 15, 2009, granted under the reference number Shang Zi No. 09801237120.

Note 12: Approved change registration date and document number: January 18, 2010, granted under the reference number Shang Zi No. 09901011160.

Note 13: Approved change registration date and document number: April 20, 2010, granted under the reference number Shang Zi No. 09901078580.

Note 14: Approved change registration date and document number: July 22, 2010, granted under the reference number Shang Zi No. 09901157340.
Note 15: Approved change registration date and document number: August 13, 2010, granted under the reference number Shang Zi No. 09901185030.
Note 16: Approved change registration date and document number: October 18, 2010, granted under the reference number Shang Zi No. 09901234170.
Note 17: Approved change registration date and document number: January 19, 2011, granted under the reference number Shang Zi No. 10001010420.
Note 18: Approved change registration date and document number: April 11, 2011, granted under the reference number Shang Zi No. 10001069620.
Note 19: Approved change registration date and document number: September 1, 2011, granted under the reference number Shang Zi No. 10001203540.
Note 20: Approved change registration date and document number: November 10, 2011, granted under the reference number Shang Zi No. 10001257090.
Note 21: Approved change registration date and document number: March 26, 2012, granted under the reference number Shang Zi No. 10101051770.
Note 22: Approved change registration date and document number: September 30, 2014, granted under the reference number Shang Zi No. 10301204400.
Note 23: Approved change registration date and document number: November 13, 2015, granted under the reference number Shang Zi No. 10401242090.
Note 24: Approved change registration date and document number: August 22, 2016, granted under the reference number Shang Zi No. 10501203470.
Note 25: Approved change registration date and document number: March 27, 2019, granted under the reference number Shang Zi No. 10801033830.
Note 26: Approved change registration date and document number: August 26, 2019, granted under the reference number Shang Zi No. 10801115950.
Note 27: Approved change registration date and document number: September 1, 2020, granted under the reference number Shang Zi No. 10901157730.

(2) Share Types

April 7, 2023 Unit: Shares

Share Types	Approved Share Capital			Note
	Shares Outstanding	Unissued Shares	Total	
Registered Common Shares	80,305,914	69,694,086	150,000,000	OTC Stock

(3) Summary Declaration System Related Information: N/A.

2. Shareholders Structure:

April 17, 2023

Shareholders Structure	Government Institutions	Financial Institutions	Other Legal Entities	Foreign Institutions and Foreigners	Individuals	Treasury Shares	Total
Number of Shareholders (people)	0	1	229	59	43,098	0	43,387
Number of Shares Held (shares)	0	4,000	5,780,614	2,454,250	72,067,050	0	80,305,914
Shareholding Ratio (%)	0.00%	0.00%	7.20%	3.06%	89.74%	0.00%	100.00%

3. Distribution of Shareholding (Par value per share: NTD 10)

(1) Distribution of Ordinary Shareholding:

April 17, 2023

Shareholding Grade	Number of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1-999	29,754	505,331	0.63%
1,000-5,000	11,164	22,322,160	27.79%
5,001-10,000	1,395	11,167,390	13.91%
10,001-15,000	368	4,756,381	5.92%
15,001-20,000	242	4,561,658	5.68%
20,001-30,000	195	5,047,653	6.29%
30,001-40,000	88	3,186,029	3.97%
40,001-50,000	45	2,125,000	2.65%
50,001-100,000	78	5,572,145	6.94%
100,001-200,000	31	4,205,781	5.24%
200,001-400,000	18	5,365,708	6.68%
400,001-600,000	2	882,000	1.10%
600,001-800,000	2	1,351,000	1.68%
800,001-1,000,000	1	935,000	1.16%
1,000,001 股以上	4	8,322,678	10.36%
Total	43,387	80,305,914	100.00%

(2) Distribution of Preferred Shareholding: The company has not issued any preferred shares.

4. List of Major Shareholders: Names of shareholders with a shareholding ratio of 5% or more or among the top ten shareholders, along with the number of shares held and the corresponding ratio.

April 17, 2023

No.	Account Number	Name of Major Shareholder	Number of Shares Held	Shareholding Ratio (%)
1	1	Shih-Ming Huang	3,145,194	3.92%
2	69151	KangHuei Investment Co., Ltd	2,363,000	2.94%
3	93164	KAISENG INVESTMENT CO.	1,480,000	1.84%
4	39	Yung-Tsai Chen	1,334,484	1.66%
5	50980	Huang Chung-Yun	935,000	1.16%
6	55734	Chien-Ting Chen	747,000	0.93%
7	93193	Hao Bai Limited	604,000	0.75%
8	26540	Wu Chao-Hua	450,000	0.56%
9	69125	Dartmouth Custody JP Morgan Securities Limited Investment Account	432,000	0.54%
10	9904	Citibank Custody Barclays Capital Securities Limited Investment Account	395,000	0.49%

5. Recent two-year data on per-share market price, net asset value, earnings, dividends, and related information

Unit: NTD (thousand)/ shares (thousand)

Item	Year		2021	2022	Year 112 (as of March 31)
Per-share market price (Note 1)	Highest		65.40	44.50	36.50
	Lowest		33.65	28.45	32.40
	Average		50.31	37.53	34.66
Per-share net asset value (Note 2)	Before distribution		31.21	32.20	N/A
	After distribution		29.21	30.70	N/A
Earnings per share	Weighted average shares outstanding		80,306	80,306	N/A
	Earnings per share (Note 3)		3.16	2.75	N/A
Dividends per share (NTD)	Cash dividends		2.00	1.50	N/A
	Stock dividends at no cost	Earnings distribution as stock dividends	-	-	N/A
		Capital surplus distribution as stock dividends	-	-	N/A
	Accumulated unpaid dividends (Note 4)		-	-	N/A
Investment return analysis	Price-to-earnings ratio		15.92	13.65	N/A
	Price-to-earnings and yield ratio		25.16	25.02	N/A
	Dividend yield on cash dividends		3.98%	4.00%	N/A

*:The profit distribution for the year 111 has not yet been approved by the shareholders' meeting

If there is a stock dividend distribution from earnings or capital surplus, the adjusted market price and cash dividend information based on the number of shares distributed should be disclosed.

Note 1: List the highest and lowest market prices of ordinary shares for each year and calculate the average market price based on the trading volume and value for each year.

Note 2: Please use the number of shares issued at the end of the year and fill in the distribution based on the resolution of the next year's shareholders' meeting.

Note 3: If adjustments are required due to circumstances such as free stock dividends, both the pre-adjustment and post-adjustment earnings per share should be shown.

Note 4: If there are provisions in the equity securities issuance conditions that allow the accumulation of undistributed dividends until a profitable year, disclose the accumulated unpaid dividends as of the end of the current year separately.

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

Note 6: Price-to-earnings and yield ratio = Average closing price per share for the year / Cash dividends per share.

Note 7: Dividend yield on cash dividends = Cash dividends per share / Average closing price per share for the year..

Note 8: Per-share net asset value and earnings should be filled in based on the most recent quarter audited (reviewed) by the accountant until the date of printing the annual report.

Other fields should be filled in based on the data until the date of printing the annual report for the current year.

6. Company Dividend Policy and Implementation Status:

(1) Dividend Policy: The dividend policy of the company is as follows:

The company's industry is currently in a growth stage. The dividend distribution policy takes into account factors such as the company's current and future investment environment, capital requirements, domestic and international competition, and capital budgeting. It aims to balance shareholder interests, dividend distribution, and long-term financial planning of the company. Each year, the Board of Directors formulates a distribution proposal in accordance with the law, which is submitted to the shareholders' meeting. Depending on financial, business, and operational considerations, if the company has profits available for distribution in the current year, the principle is to allocate an amount not less than 30% of the after-tax net profit for the year, with cash dividends accounting for at least 50% of the shareholder dividends.

(2) Proposed Dividend Distribution for the Current Year:

The company proposes to distribute a cash dividend of NTD 1.5 per share, as decided by the Board of Directors:

Celxpert Energy Corporation Profit Allocation Statement for Year 2022	
	Unit: NTD (thousand)
Item	Amount
Beginning Undistributed Earnings	$524,436,491
Add: Net Income After Tax for Year 2022	220,604,881
Add: Other Comprehensive Income for Year 2022 - Actuarial Gains on Defined Benefit Plans	2,381,920
Minus: Difference between Actual Acquisition or Disposal Price of Subsidiary Equity and Book Value	(1,481,445)
Minus: Legal Reserve (10%)	(22,150,536)
Available Distributable Earnings	723,791,311
Cash Dividends ($1.5/share)	(120,458,871)
Ending Undistributed Earnings	$603,332,440

7. Impact of Proposed Stock Dividend on Company's Business Performance and Earnings per Share: N/A.

8. Employee and Director Remuneration:

(1) Percentage or range of employee and director remuneration as stated in the company's articles of incorporation:

In the annual financial statements of the company, if there is a profit, director remuneration and employee remuneration shall be allocated before tax. After the allocation is determined by the board of directors and taxes and donations are paid in accordance with the law, 10% shall be set aside as legal reserve for retained earnings. However, if the legal reserve for retained earnings has reached the total capital of the company, this limitation does not apply. Additionally, an equal amount shall be allocated to the special reserve for retained earnings for the negative balance in the shareholder's equity accounts that occurred during the year. When the negative balance in the shareholder's equity accounts is reversed, the portion of the reversal may be transferred to the current year's profit distribution.

If the company has accumulated losses from previous years, in the year when there is a profit and before allocating director remuneration and employee remuneration, the losses should be offset first, and the remaining balance should be allocated in accordance with the aforementioned ratio. Employee remuneration, when provided in the form of stocks or cash, includes eligible subordinate employees meeting certain conditions.

If there are still undistributed earnings accumulated from the previous year, a proposal for profit distribution shall be prepared by the board of directors. When issuing new shares for profit distribution, it shall be submitted to the shareholders' meeting for resolution. In accordance with Article 240, Paragraph 5 of the Company Law, the board of directors is authorized to adopt a resolution with the attendance of two-thirds or more of the directors and the approval of a majority of the attending directors to distribute dividends or legal reserves for retained earnings and capital reserves specified in Article 241, Paragraph 1 of the Company Law, either in whole or in part, in the form of cash, and report it to the shareholders' meeting. The distribution ratios for director remuneration and employee remuneration are as follows::

A. Director remuneration: Up to a maximum of 3%.

B. Distribution of employee remuneration: 3% to 12%.

(2) Basis for estimating the amount of employee, director, and supervisor remuneration for the current period, calculation basis for stock-based employee remuneration, and accounting treatment for the difference between the actual distribution amount and the estimated amount:

If there are still changes in the amount after the issuance of the annual financial report, they will be adjusted and recorded in the following year based on accounting estimation principles.

(3) Distribution of remuneration by the board of directors: On March 10, 2023, the board of directors of the company made the following decisions regarding remuneration:

A. The amount of employee and director remuneration distributed in cash or stock. If there are differences between the amount recognized as expenses and the estimated amount for the year, the differences, reasons, and treatment should be disclosed:

Unit: NTD (thousand)

Distribution Items (Year 2022)	Amount Proposed for Distribution by the Board of Directors	Recognized Amount on the Books	Difference
Director Remuneration	7,372	7,372	0
Employee Remuneration	32,908	32,908	0

B. The amount of employee remuneration distributed in stock and the ratio of such amount to the current period's individual or separate financial report's after-tax net income and total employee remuneration: N/A.

(4) Actual distribution of employee, director, and supervisor remuneration in the previous year (including the number of shares, amount, and share price), any differences with the recognition of employee, director, and supervisor remuneration should be stated, including the differences, reasons, and treatment:

Unit: NTD (thousand)

Distribution Items (Year 2021)	Payment Method	Board of Directors' Resolution Distribution Amount	Actual Distribution Amount	Difference
Director Remuneration	Cash	7,724	7,724	0
Employee Remuneration	Cash	30,897	30,897	0

9. Company's Repurchase of Company Shares:

(1) Completed Cases:

April 17, 2023

Repurchase Period	First Repurchase	Second Repurchase	Third Repurchase
Purpose of Repurchase	Transfer to Employees	Transfer to Employees	Maintaining Company Credit and Shareholders' Equity
Repurchase Duration	2008.03.03~2008.03.18	2008.08.05~2008.08.26	2011.8.24~2011.8.30
Repurchase Price Range	TWD 50~75	TWD 45~70	TWD 20~30
Planned Types and Quantity of Repurchased Shares	1,000,000 common shares	1,000,000 common shares	5,000,000 common shares
Types and Quantity of Repurchased Shares	542,000 common shares	1,000,000 common shares	5,000,000 common shares
Amount of Repurchased Shares	NTD 33,064,135	NTD 53,706,271	NTD 112,887,939
Ratio of Repurchased Quantity to Planned Repurchase Quantity (%)	54.20%	100.00%	100.00%
Number of Shares Cancelled and Transferred	542,000 shares	1,000,000 shares	5,000,000 shares
Accumulated Holding of Company Shares	0 shares	0 shares	0 shares
Ratio of Accumulated Holding of Company Shares to Total Issued Shares (%)	0%	0%	0%

Repurchase Period	Fourth Repurchase	Fifth Repurchase	Sixth Repurchase
Purpose of Repurchase	Transfer to Employees	Maintaining Company Credit and Shareholders' Equity	Maintaining Company Credit and Shareholders' Equity
Repurchase Duration	2011.09.14~2011.09.23	2011.12.09~2012.01.31	2015.08.11~2015.10.06
Repurchase Price Range	NTD 20~30	NTD 13~25.8	NTD 12.71~25
Planned Types and Quantity of Repurchased Shares	4,000,000 common shares	6,000,000 common shares	5,000,000 common shares
Types and Quantity of Repurchased Shares	4,000,000 common shares	2,961,000 common shares	4,690,000 common shares
Amount of Repurchased Shares	NTD 98,235,510	NTD 45,987,967	NTD 85,940,150
Ratio of Repurchased Quantity to Planned Repurchase Quantity (%)	100.00%	49.35%	93.80%
Number of Shares Cancelled and Transferred	4,000,000 shares	2,961,000 shares	4,690,000 shares
Accumulated Holding of Company Shares	0 shares	0 shares	0 shares
Ratio of Accumulated Holding of Company Shares to Total Issued Shares (%)	0%	0%	0%

Repurchase Period	Seventh Repurchase	Eighth Repurchase	Nineth Repurchase
Purpose of Repurchase	Maintaining Company Credit and Shareholders' Equity	Maintaining Company Credit and Shareholders' Equity	Maintaining Company Credit and Shareholders' Equity
Repurchase Duration	2016.03.07~2016.04.20	2018.11.09~2019.01.08	2019.05.13~2019.07.10
Repurchase Price Range	NTD 12.57~25	NTD 31.25~35.80	NTD 27.40~33.40
Planned Types and Quantity of Repurchased Shares	3,500,000 common shares	4,000,000 common shares	3,000,000 common shares
Types and Quantity of Repurchased Shares	3,500,000 common shares	1,097,000 common shares	2,397,000 common shares
Amount of Repurchased Shares	NTD 67,825,850	NTD 36,994,076	NTD 72,334,11
Ratio of Repurchased Quantity to Planned Repurchase Quantity (%)	100.00%	27.43%	79.90%
Number of Shares Cancelled and Transferred	3,500,000 shares	1,097,000 shares	2,397,000 shares
Accumulated Holding of Company Shares	0 shares	0 shares	0 shares
Ratio of Accumulated Holding of Company Shares to Total Issued Shares (%)	0%	0%	0%

Repurchase Period	Tenth Repurchase
Purpose of Repurchase	Maintaining Company Credit and Shareholders' Equity
Repurchase Duration	2020.03.27~2020.05.25
Repurchase Price Range	NTD 13.69~37.13
Planned Types and Quantity of Repurchased Shares	4,000,000 common shares
Types and Quantity of Repurchased Shares	3,000,000 common shares
Amount of Repurchased Shares	NTD 78,395,161
Ratio of Repurchased Quantity to Planned Repurchase Quantity (%)	75.00%
Number of Shares Cancelled and Transferred	3,000,000 shares
Accumulated Holding of Company Shares	0 shares
Ratio of Accumulated Holding of Company Shares to Total Issued Shares (%)	0%

(2) Company's Repurchase of Company Shares (Ongoing Cases): None

4.2 Company Bond Issuance Status: None.

4.3 Special Share Issuance Status: None.

4.4 Overseas Depositary Receipts Issuance Status: None.

4.5 Status of employee stock ownership certificates: None.

4.6 Restricted Employee Share Issuance and Employee Stock Option Certificate Issuance Status: None.

4.7 Issuance of New Shares for Merger or Acquisition of Other Companies' Shares: None.

4.8 Execution Status of Fund Utilization Plan: None.

V. Operational Overview

5.1 Business Content

1. Business Scope

(1) Main business activities:

A. Electronic component manufacturing industry
B. Battery manufacturing industry
C. Electrical retail industry
D. Electronic material retail industry
E. Electrical wholesale industry
F. Electronic material wholesale industry
G. International trade industry

(2) Current product (service) items and business proportion

A. Current product (service) items

Product Category	Main Product Names
Battery packs	A. Notebook computer battery packs B. Broadband communication equipment battery packs C. Tablet computer battery packs D. Industrial and agricultural electric tool battery packs E. Cloud camera and smart doorbell battery packs F. Cloud server backup power battery packs G. Energy storage and backup power battery packs H. Electric vehicle battery packs I. E-Bike battery packs

B. Business proportion of current products Unit: NTD (thousand)

Business items	2021		2022	
	Revenue	Revenue proportion	Revenue	Revenue proportion
Lithium battery packs	13,879,351	99.46%	11,032,468	99.40%
Others	74,810	0.54%	67,122	0.60%
Total	13,954,161	100.00%	11,099,500	100.00%

(3) New products (services) under development:

A. Precision measurement module (BMU + Firmware).
B. Medium and large-scale BBU, ESS energy storage system battery pack.

2. Industry Overview

(1) Current Situation and Development of the Industry

Our company is a professional manufacturer of secondary battery packs for production, sales and research. Secondary battery packs refer to power products that are packaged by designing one or more secondary battery cells in series (or parallel) with protective and safety circuits and casings. The products are widely used in portable electronic products such as notebook computers (NB), smartphones (SP), wireless network surveillance systems and smart wearables. In recent years, due to the booming development of mobile electronic products, lithium batteries and their battery packs with long cycle life, low self-discharge rate, and high capacity density have become the mainstream products with the highest market growth rate and market share

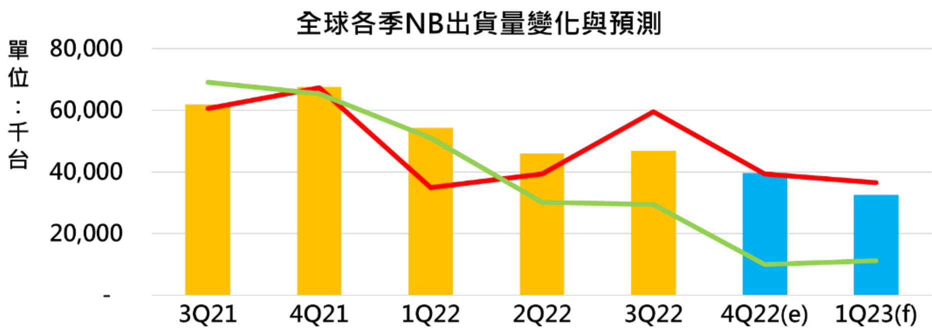
Secondary battery packs have been mainly applied in the communication and information market, accounting for about 60% of the market share. The market share for electric vehicles and machine tools is gradually increasing. Our products are mainly used in the notebook computer industry and smart home IoT applications. Here is an analysis of the current situation of the notebook computer industry, electric tool and network communication products:

1. Lithium battery pack

(1) Notebook computers

According to the research report by DIGITIMES Research, the global shipment of notebook computers has been declining quarter by quarter since 2022 due to the impact of global political and economic situations. In addition, slow inventory clearance by brand and channel vendors has also contributed to the decline in demand for consumer

electronics. Although some orders for the fourth quarter of 2021 were delayed to 2022 due to tight supply of components such as processors and ICs, the global shipment of notebook computers still decreased by 5.4% year-on-year in the first quarter of 2022. In the second and third quarters of 2022, geopolitical and inflationary pressures, as well as the US Federal Reserve's adoption of interest rate hikes and monetary tightening policies, have led to a fatigue in market demand, resulting in a decrease in global NB shipments by 23.6% and 24.2% year-on-year respectively, compared to the same period in 2021, when some countries in Europe and the United States began to adopt open policies after the pandemic, and employees gradually returned to the office to work or adopted a mixed work mode of home and office, commercial notebook models maintained strong shipment momentum, which led to a higher base period, resulting in a decrease in global NB shipments in the second and third quarters of 2022.
As for the fourth quarter of 2022, due to continued geopolitical and inflationary pressures, as well as global interest rate hikes and other factors, the problem of weak terminal demand has suppressed the shipment momentum of brand manufacturers, and the high base period of the same period in 2021 also contributed to a decrease in global NB shipments. It is estimated that the global NB shipment volume in the fourth quarter of 2022 will be 39.12 million units, a year-on-year decrease of 41.2%.

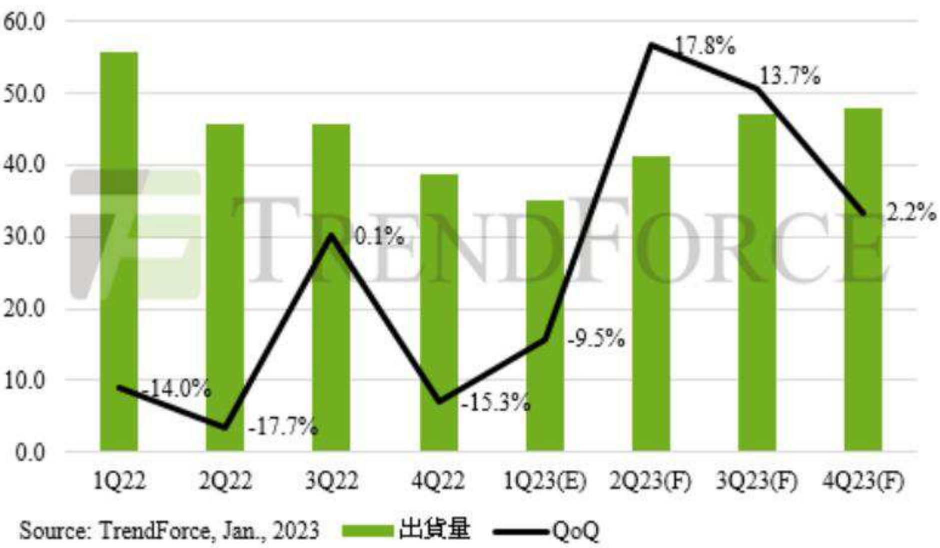


	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22(e)	1Q23(f)
Shipments	62,007	67,578	54,419	45,987	46,990	39,718	32,569
QoQ	3.1%	9.0%	-19.5%	-15.5%	2.2%	-15.5%	-18.0%
YoY	10.5%	7.3%	-5.4%	-23.6%	-24.2%	-41.2%	-40.2%

Note: DIGITIMES Research classifies detachable models as tablets, so the shipment volume of this category of products is not included in the NB statistics.
Data source: DIGITIMES, Taiwan Institute of Economic Research Industry and Economic Database (December 2021).

Looking ahead to the first half of 2023, the global epidemic situation is still unstable. As countries continue to expand vaccine coverage to reduce mortality rates, and as mutant viruses become milder with lower mortality rates, most countries are expected to lower their epidemic prevention levels, return to normal economic life, and coexist with the epidemic. It is expected that hybrid work and learning models will gradually become a norm. Under this mixed reality lifestyle, NB has become a rigid demand, with an increase in household usage, which will support the global NB market demand. In addition, the release of the new generation of processors is expected to prompt manufacturers to increase shipments starting in the second quarter of 2023, leading brand manufacturers to release NB products with new processors. Therefore, it is estimated that the NB shipment volume in 2023 will show a trend of increasing season by season.

Global NB Shipment Volume Forecast (Unit: million units)



(2) Electric tools

According to the research report by the Industrial Technology Research Institute (ITRI) IEK, as the growth of the NB market slows down and competition in the market affects battery sales, the use of batteries for electric tools has become one of the development strategies for small battery manufacturers. For example, the lithium-ion battery technology used in electric tools has the characteristics of large current output performance and long cycle life, which used to be mostly used for nickel-cadmium batteries. However, since 2000, due to concerns about the environmental toxicity of cadmium heavy metals, some manufacturers have started to use lithium-ion batteries as alternative technologies, which has also created a growth trend for lithium-ion batteries in the application of electric tools. In the market for small wireless function handheld electric tools, the main shipment volume comes from the United States and Europe, so the international leading manufacturers mostly originate from these two countries, such as Stanley's subsidiary Black & Decker (B&D), TTI, Bosch, Hilti, etc. Other Japanese brand manufacturers include Makita, Hitachi Koki, Ryobi, Metabo, etc. As of 2021, among the international first-line brand manufacturers, the sales of lithium-ion batteries for small handheld wireless function electric tools have accounted for over 90% of Makita, Hitachi Koki, Panasonic, etc., while 70% to 90% of the tools sold by other American and European manufacturers use lithium-ion batteries. The replacement trend has been established, and it has achieved stable market performance in the field of electric tools. Since 2023, the US Federal Reserve will continue to adopt a tightening monetary policy, and under the environment of rising interest rates, the US housing market will continue to decline, while the growth of electric tools mainly comes from DIY activities, power tool products, and the demand for high-efficiency cutting-edge tool products. Affected by the decline in the housing market, the demand for electric tools will also decrease.

In summary, since the electric tool industry mainly relies on exports and the United States and China are the main sales markets, the weakening of orders from these two markets, as well as the continuous increase in sales value in recent years, are estimated to lead to a decline in the sales value of the industry in Taiwan in 2023, while the cost of steel raw materials will still remain high in a high inflation environment, which will result in a decrease in the industry's gross profit margin.

(3) Network communication products

According to a research report by the Industrial Technology Research Institute's Industrial Economics and Knowledge Center (IEK), Taiwan's overall communication industry is mainly divided into three categories by industry type: network communication products, personal mobile devices, and communication services. The sub-industries of network communication products include wireless local area networks (WLAN), Ethernet switches, digital subscriber line (DSL) customer premise equipment (CPE), cable CPE, internet protocol set-top boxes (IP STB), Bluetooth, and mobile broadband access products. WLAN and Ethernet switch devices, which account for nearly 50% of the production value of network communication products, have a high concentration and represent the production value of the network communication equipment category. In 2022, under the continued global inflation pressure, the market demand for consumer electronics products such as smartphones and laptops was weak. However, the momentum of enterprise digital transformation continued to drive bandwidth upgrades and cloud construction, thereby increasing the market penetration rate of Wi-Fi 6/6E. Under the influence of positive and negative factors in the market, it is estimated that the production value of WLAN and Ethernet switches in Taiwan will still grow slightly to NT$243.2 billion in 2022, with a year-on-year growth rate of 3.67%.

According to data from the Department of Statistics, Ministry of Economic Affairs, the total export value of routers and switches in Taiwan has shown a growth trend in recent years. In 2022, the total export value of the router and switch industry is estimated to be US$8.667 billion, a growth of 25.4% from 2021. This total amount and annual growth rate have repeatedly reached new historical highs. Since 2019, the proportion of direct exports to the United States has exceeded 50%, and this trend is expected to continue in 2022. Despite the adverse effects of global inflation and rising interest rates, the increasing demand for network equipment due to digital transformation of businesses has led to this growth. According to a research report by the Industrial Technology Research Institute, the estimated total output value of Taiwan's communication industry in 2022 is NT$1.2825 trillion, a growth of 1.9% from 2021. Looking ahead to 2023, the upgrade of communication infrastructure will boost the demand for network communication products, and Taiwan's communication industry is expected to reach NT$1.303 trillion, a growth of 1.6% from 2022, driven mainly by the increasing acceptance of remote application services, the rise of emerging applications such as the Internet of Things and Metaverse, and the increasing demand for high-speed internet transmission. To effectively meet the needs of end consumers and solve the problem of digital divide, many countries in Europe and America have successively launched policies to upgrade broadband networks and increase the popularity of broadband networks in suburbs and rural areas, thereby expanding the coverage of broadband networks.

Overall, wireless communication has become critical in human life and interpersonal relationships. With the overall trend of home and work styles and the gradual entry of high-end Wi-Fi products into the consumer market, the overall prices are slightly decreasing, which will drive the potential demand for new devices. Therefore, the shipment volume of network communication products is expected to continue to grow, which is helpful for companies to develop in a positive direction. Thus, it is predicted that the manufacturing industry of network communication products in Taiwan will perform better in the first half of 2023 compared to the same period in 2022.

Domestic Telecommunications Industry Output Forecast

Data source: Industrial Technology Research Institute, International Division, 11/2022.

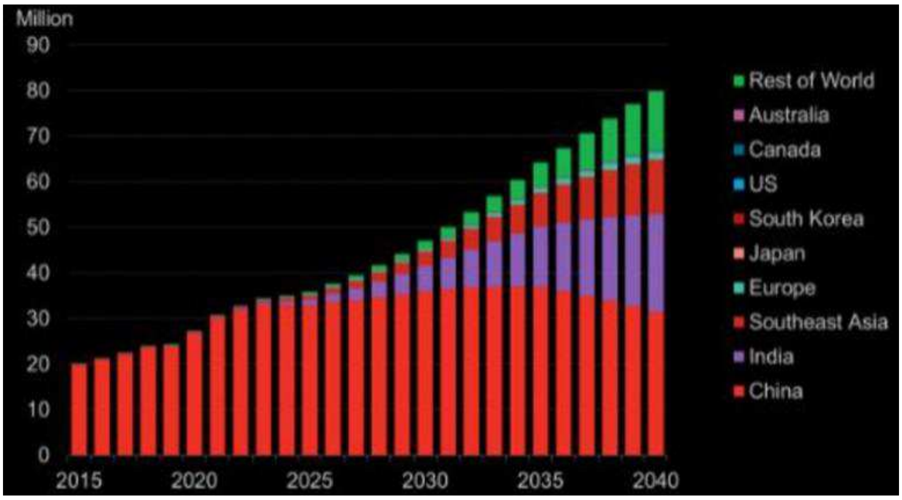
(4) Energy storage products

Energy storage products include standby power battery packs and power battery packs, with the latter consisting of electric vehicle battery packs (such as those used for electric motorcycles, electric boats, aerial work vehicles, etc.) and electric bicycle (E-Bike) battery packs. Due to the impact of extreme weather conditions, various countries have planned net-zero carbon-related policies. In December 2022, the Ministry of Economic Affairs released the draft of the "Taiwan 2050 Net-Zero Transformation Key Strategic Action Plan for Power Systems and Energy Storage," and in March 2022, it also issued the "Taiwan 2050 Net-Zero Emissions Pathway and Strategy Overview" report. These plans aim to build a zero-carbon energy system for Taiwan before 2050. The net-zero emission pathway will be achieved through four major transformations: "energy transformation," "industrial transformation," "lifestyle transformation," and "social transformation," as well as two governance foundations: "technological research and development" and "climate legislation." With the support of "twelve key strategies," action plans will be developed in the important areas of expected growth in energy, industrial, and lifestyle transformation policies to achieve the net-zero transformation goal. Therefore, promoting energy conservation, carbon reduction, and increasing the proportion of renewable energy is an important development project for all countries.

In terms of energy conservation and carbon reduction, according to data from the Environmental Protection Administration of the Executive Yuan, in 2019, the greenhouse gas emissions from the transportation sector in Taiwan were mainly from road transportation, accounting for 96.8% of the total emissions from the transportation sector. Therefore, promoting the low-carbon or zero-carbon transformation of road vehicles is the primary path towards achieving net-zero emissions in transportation. Recently, the promotion of electric motorcycles and electric bicycles to replace traditional fuel motorcycles has become the main development trend for the energy transformation of vehicles towards net-zero emissions internationally.

Regarding electric motorcycles, Taiwan's policy planning prohibits the sale of fuel vehicles starting in 2040. In addition, a budget of NTD 168.3 billion has been allocated to subsidize the transportation industry with higher carbon emissions, which will replace fuel vehicles with electric vehicles. Many countries around the world are also actively developing the electric motorcycle industry. The Netherlands, Belgium, and Germany will ban fuel vehicles from the road by 2030, while the UK, France, and Spain also plan to achieve the ban before 2040. The Netherlands, Germany, France, and Spain provide subsidies ranging from approximately NTD20,000 to NTD30,000 for electric motorcycles. Belgium offers a 15% value-added tax reduction for electric motorcycles, and Germany exempts them from taxation for ten years. The above demonstrates the strong support of various countries for the development of electric motorcycles.

Global Electric Motorcycle Market Forecast

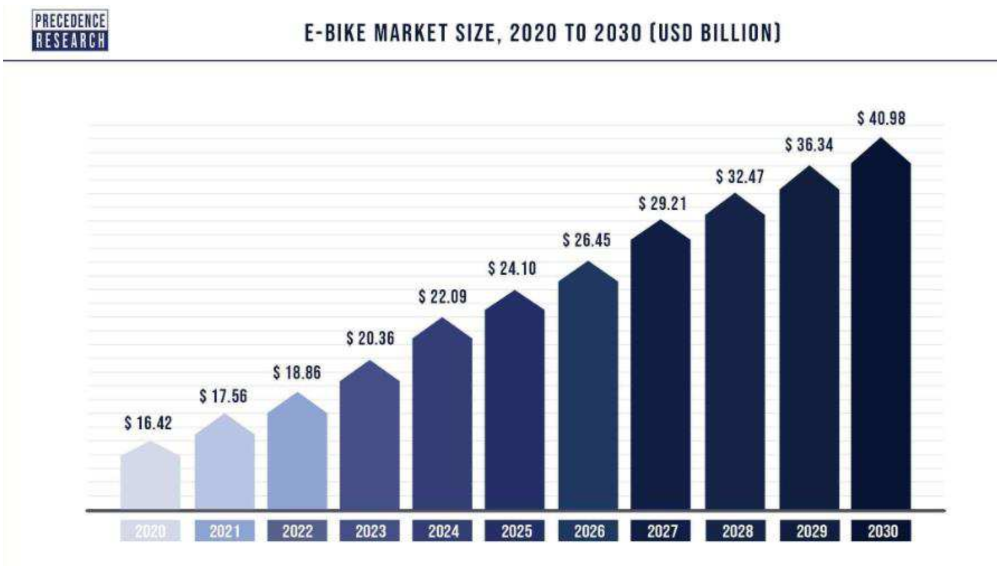


Data source: Bloomberg NEF, 2022/06.

The electric-assisted bicycle, compared to a traditional bicycle that relies on "pedal power" to move forward, uses a "rechargeable battery" as the main power source for the bike. Electric bicycles are considered a short-distance leisure mode of transportation in many countries. Initially, the demand for electric-assisted bicycles was mainly in the environmentally-friendly EU region, particularly for short commuting users. However, with changes in the market environment, the trend of soaring international oil prices and the continuous development of green energy technology to improve exhaust emissions problems, the power system of electric-assisted bicycles is developing towards miniaturization and lightweight. Battery support mileage has also significantly improved. In addition, the rise of leisure and sports in Europe and America has expanded its market from the EU region to North America, opening up new opportunities for electric-assisted bicycles.

According to statistics from the Taiwan Bicycle Exporters' Association, Taiwan's exports of electric-assisted bicycles from 2018 to 2022 were 286,400, 644,300, 760,000, 988,200, and 1,037,200 respectively, with growth rates of 57.92%, 124.97%, 17.96%, 29.89%, and 4.96%. Even in 2020 and 2021, affected by the global COVID-19 pandemic and factors such as container shortages, the export volume of electric-assisted bicycles still showed a growth trend. The EU is Taiwan's largest export market, followed by North America. Due to the recent rise in environmental awareness and the impact of the pandemic, it is estimated that the growth trend will continue in the coming years. The €200 billion European urban transportation fund promoted by the EU also foresees that the bicycle boom will continue. According to PRECEDENCE RESEARCH, the global electric-assisted bicycle market will grow year by year, with an estimated production value of $18.86 million in 2022, increasing to $40.98 million in 2030, with a compound annual growth rate of 10.19%.

Global Electric Bicycle Market Forecast

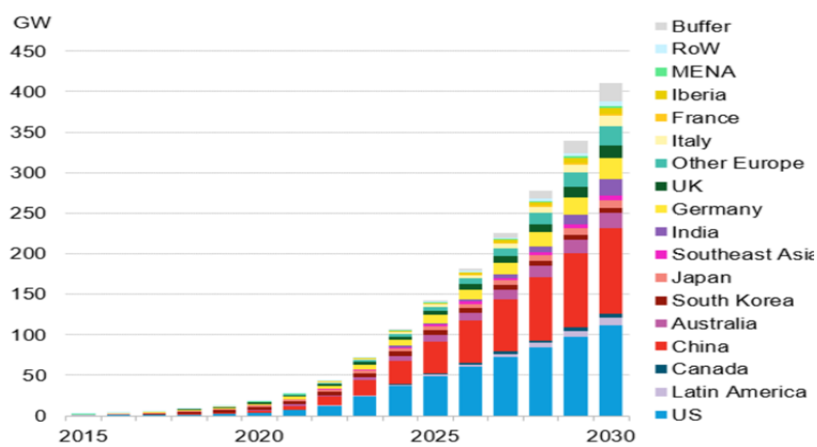


Data source: PRECEDENCE RESEARCH, 2022/08.

In recent years, global power shortages or restrictions have occurred frequently, mainly due to aging power systems, soaring coal and natural gas prices, carbon neutrality issues, and insufficient backup capacity. The best solution to solve power shortages or restrictions is to use renewable energy and energy storage in parallel. Renewable energy can not only increase new power, but also store power during normal times to supply peak power usage. Energy storage devices can store excess power for use in case of power outages or shortages, effectively reducing the occurrence of power shortages or restrictions. According to the International Renewable Energy Agency (IRENA), the proportion of global renewable energy generation will increase from less than 30% to 86% by 2050. However, intermittent and fluctuating renewable energy such as wind and solar power poses challenges to the power system when integrated on a large scale. Therefore, configuring energy storage devices can effectively ensure the stable operation of the power grid.

According to Bloomberg NEF's estimation, the global energy storage capacity will increase by 387GW from 2022 to 2030, surpassing the total annual power generation of Japan in 2020. With the active development of energy storage industries around the world, the global energy storage capacity is expected to reach 1,676GW in 2050, with a compound growth rate of 22.2%. The Taiwanese government plans to invest nearly half of its budget of 900 billion from 2020 to 2050 in the planning and construction of renewable energy, power grids, and energy storage, indicating that the demand for energy storage is expected to grow as the global energy transition trend continues.

Estimated Global Cumulative Energy Storage Capacity



Data source: Bloomberg NEF, 2022/10.

In summary, with the rapid development of renewable energy, stable energy storage systems have become a popular development target to ensure that renewable energy can be supplied steadily. Among them, lithium batteries with high stability and long cycle life have become a hot focus of attention, driving the development of energy storage industry. Lithium batteries have great flexibility in their applications, ranging from single battery cells to energy storage system containers. They can design battery systems to meet different types of requirements and have multiple types of lithium batteries and various sizes and appearances to choose from. In recent years, lithium batteries have continuously improved in safety and cycle life. In energy storage systems, lithium batteries have become an important development direction in the market and are expected to have a promising market in the future due to government policy promotion.

2. Relationship with Up-, Middle- and Downstream Companies

The main product for Celxpert and its subsidiaries is secondary battery packs, which are composed of one or more secondary battery cells connected in series or parallel, designed with protection circuits, safety wiring, and outer casings. In the industry, related battery cells manufacturers, such as electrodes, electrolytes, separators, and canisters, are upstream, while the Company and its subsidiaries are in the midstream, responsible for collaborative product design with downstream customers and assembling the secondary battery packs into finished products. Downstream customers include manufacturers of portable electronic products such as laptops, power tools, network devices, and smart wearables. The upstream, midstream, and downstream structure of the secondary battery pack industry is illustrated in the attached diagram.

Upstream		Midstream			Downstream	
Electrode Electrolyte Separator Canister	→	Battery Cell	→	Battery Pack	→	Laptop/Chromebook/FlipNB Tablet/Smartphone Various mobile devices ESS,EV, Cloud BBU

(3)Various Development Trends of the Product

A.Strengthening the product safety

To ensure the safety of lithium battery products, manufacturers have been strengthening safety measures. For example, in the case of batteries, in addition to the existing safety valves, manufacturers have added current interrupt devices (CID), positive temperature coefficient (PTC) fuses, and explosion-proof devices to enhance product safety. In terms of battery pack design, protection functions have been strengthened, and protective components have been designed to cover all relevant positions of the battery pack, achieving comprehensive protection goals.

B.Improving customization capability

To meet the market demand for product differentiation, the Company provides customized special designs for different customers. In addition to offering sufficient flexibility and standardized parts for battery packs, Celxpert also provides programmability for circuit functions and main components. These are all the future directions for research and development for the Company.

C.Making the battery pack has a thinner ID design for laptops

The homogenization of notebook computer functions has made differentiation difficult, and how to attract consumers through exterior design has become a challenge that tests the industrial design capabilities of each brand. The design and manufacturing of battery packs also face considerable difficulty in achieving thinness and delicacy.

D.Fast charging, large discharging rate, and increasing standby time of the battery

To meet the demand for portability, power efficiency and battery life have become one of the primary considerations for consumers when purchasing laptops and tablets. Therefore, high-capacity and low-internal-resistance battery designs have become increasingly important.

E.Polymer lithium-ion battery modules are becoming increasingly common and have been applied in all 3C fields.

In response to the rapid growth of portable electronic products, the trend towards lighter and thinner products has become increasingly prevalent, and the use of polymer lithium battery packs has also increased rapidly.

F.The development of renewable energy is driving the energy storage market.

With the rapid development of renewable energy, energy storage systems with fast charging and discharging capabilities have become increasingly important for ensuring a stable and reliable power supply for renewable energy. High stability and long cycle life lithium-ion batteries have become a popular focus, as they are a key method for stabilizing renewable energy generation. It is expected that the development of the energy storage industry will drive demand for lithium-ion batteries.

(4) Product Competition

The Company is a professional battery module manufacturer, specializing in battery protection circuit design, precise programmable Gas-gauge design and production, and customized battery module manufacturing based on individual customer requirements.

Currently, the main suppliers in the market of laptop battery modules include Celxpert, DynaPack, Simplo, LG Chem, and some other Chinese suppliers.

3.Technology and R&D Status

(1) The technical level and R&D of the business

The market trends for electronic and information mobile products, power tools, energy storage equipment, electric bicycles, and other products have become increasingly diversified, lightweight and high-end designs. The design of battery products must comply with strict specifications and limitations on capacity, size, and appearance. The design of long-lasting battery packs has further reinforced the integration of battery technologies. In addition, as the concept of green energy gains increasing attention, various renewable energy products have emerged worldwide. However, all renewable energy sources are limited by unstable supply and require a combination of batteries to provide stable power. Long life, high reliability, and weather resistance are all key R&D objectives for such battery products.

The Company has achieved significant progress in the development of high-efficiency battery modules, including the verification of high-capacity battery cells, the design of power management and protection circuitry, and the integration of terminal product system design to enable optimal performance of the battery modules. Celxpert has also developed the necessary equipment for mass production to meet market demand for long-lasting and high-power battery packs, making our products more competitive.

(2) Education and Experiences of the R&D Personnel

Unit: person; %

Year / Education	2021		2022		2023/3/31	
	Number of people	%	Number of people	%	Number of people	%
Masters	32	19.28%	33	20.63%	32	20.65%
Bachelor's Degree	86	51.81%	83	51.88%	81	52.25%
Senior High School	37	22.29%	33	20.63%	32	20.65%
Below Senior High	11	6.62%	11	6.86%	10	6.45%
Total	166	100.00%	160	100.00%	155	100.00%
Average Years of Service	4		3.76		3.72	

(3)R&D Expenditure for the Most Recent 5 Years

Unit: NT$ thousands

Year	2018	2019	2020	2021	2022
R&D Expenditure	200,336	204,468	235,789	239,052	232,941
Operating Revenue	9,377,305	9,193,737	12,167,424	13,954,161	11,099,590

Year	2018	2019	2020	2021	2022
R&D Expenditure to Operating Revenue	2.14%	2.22%	1.94%	1.71%	2.09%

(4) Successfully Developed Technology or Product

Unit: NT$ thousands

Year	Successfully Developed Technology or Product
2019	1. 48V 2.7KWH energy storage standard battery pack 2. Agricultural machinery battery pack 3. 32S 10KWh lithium iron energy storage system 4. Multiple sets of battery modules can be connected in parallel 5. Battery module for the electric boat at Sun Moon Lake 6. Communication base station battery module system
2020	1.4KWH lithium iron energy storage battery pack 2.36V E-Bike in-tube lithium battery module 3.25.6V lithium battery pack for boom lifts 4. Low-speed LED optical communication technology 5. Remote monitoring and data collection technology 6. C-2 ternary lithium battery SOC algorithm
2021	1. Battery cell positive and negative optical automatic identification system 2. Resistance welding servo pressure control system 3. BLE Bluetooth communication technology in the battery pack 4. Algorithm for K1 lithium-iron battery SOC in normal to high temperature region 5. Lithium battery boost and step-down charging technology 6. Battery pack structural vibration and impact simulation analysis technology
2022	1. BBU ORing short circuit protection technology 2. BBU ORV3 system technology 3. MOLDEX mold flow analysis technology 4. E-Bike dual battery system technology 5. SOC algorithm for k1 lithium-iron battery in the low temperature region 6. Battery pack remote firmware update technology 7. Lithium battery 2-pulse SOH algorithm
2023	1.3.2KW BBU fast power supply technology 2. E-Bike battery event log technology 3. E-Bike battery IP67 waterproof technology 4.84V e_scooter high power battery system technology 5. E_bike electronic transmission battery sonic welding technology 6. 1000V container energy storage system technology 7.345V electric boat system technology

4.Long-term and Short-term Development

The Company has formulated various long and short-term plans for future business in response to sustainable management and considering industry development and overall economic trends. An overview of the plans is as follows:

(1) Short-term Business Development

A.Sales plan

(A)Stabilize and maintain current customer relationships and sales ratios for laptop computers, broadband routers, and tablets.

(B)Strengthen the manufacturing process capability, quality management, and yield rate to improve the competitiveness (time to volume) of the factories in mainland China.

(C)Improve project management, and technical support teams to achieve the goal of time to market to increase profitability.

(D)Actively seek cooperation with professional battery manufacturers to expand the power cell product line to meet customer needs.

(E)Expand niche product development to meet the needs of the smart home, Internet of Things (IoT) market, small-scale agriculture electrification, and medical long-term care industries.

B.Design plan

(A) Strengthen the R&D and design capabilities for the products.

(B) Join Design Manufacturing mode (JDM): Collaborate with customers to develop new products, establish rigorous reliability testing, and accelerate sample delivery time.

(C)Keep abreast of new materials and technologies or products with potential niche markets, and maintain a R&D leading edge in this area.

(D)Increase and train key R&D personnel with critical technical expertise (firmware).

(E)Production automation: strengthen production equipment and process improvement.

(2) Long-term Business Development

A.Strategic alliances with international industry leaders or partner suppliers to strengthen cooperation and expand market share.

B.A long-term focus will be placed on recruiting and training R&D personnel, establishing an efficient R&D team to continuously enhance R&D capabilities, and maintaining a leading position in the industry.

C.Strengthen the ability for financial management and risk control.

D.Market demand analysis and forecasting will be conducted to plan material requirements and progress, enabling smooth production and sales coordination and effective utilization of production capacity.

E.Persue diversified operation projects, with a focus on strengthening the development of power batteries and energy storage systems.

5.2 Overview of Marketing and Production/Distribution

1.Market Analysis

(1)Sales Region

Unit: NT$ thousands；%

Year / Region	2021		2022	
	Revenue	%	Revenue	%
Domestic	340,699	2.44	420,894	3.79
Export	13,613,462	97.56	10,678,696	96.21
Total	13,954,161	100.00	11,099,590	100.00

(2)Market Share

Unit: thousand units

Year	Laptop battery packs shipments from Celxpert	Global laptop computer shipments (*)	Celxpert market share
2022	12,736	Approx. 186,100	6.85%

* Data Source: TrendForce, Jan 2022。

(3)Market Supply and Demand in the Future

A.Laptop computer

Despite the uncertain global pandemic situation, many countries have adopted a co-existence with the virus lifestyle and resumed their pre-pandemic way of life. However, global inflation pressures remain high, and central banks of various countries continue to tighten their monetary policies. In addition, unfavorable factors such as the ongoing Russia-Ukraine conflict and the expanding US-China technology dispute continue to disrupt the global economy, leading to insufficient consumer confidence and reduced capital expenditures by businesses. Although the new generation of processors was launched in early 2023, which is expected to drive up demand for upgrades. However, the sluggish inventory digestion by downstream manufacturers and the fatigue in end-market demand due to global inflation have led various brands to lower their shipment targets. This will impact the performance of laptop computer shipments. According to TrendForce's forecast, the global laptop computer shipments for 2023 are estimated to reach 171 million units, with a YoY decline of 7.8%, indicating a continued downturn in the industry's prosperity.

B.Power tool

Since 2022, the Federal Reserve in the United States has adopted a policy of raising interest rates and tightening monetary policy. In an environment of extremely high interest rates, the real estate market in the United States is showing signs of decline. The growth drivers for power tools come from DIY activities, power tool products, and high-performance cutting-edge tool products. According to economic forecasts released by various international research institutions, the global, US, and Chinese economic growth momentum in 2023 will slow down, especially in the United States, which is facing high inflationary pressures. This has led to an acceleration of the Federal Reserve's rate hikes, which will in turn cause a decline in the real estate market and reduce demand for the industry.

C.Network device

According to the IEK research report by ITRI, the production value of WLAN and Ethernet Switch in Taiwan in 2022 were NT$140.3 billion and NT$102.9 billion, respectively, representing a growth of 2.5% and 5.3% compared to the same period last year. In recent years, Taiwan has vigorously promoted industrial digital and smart transformation, and network service providers and data center operators have actively deployed and updated equipment for 5G applications. Due to factors such as the increased use of home network services by the public affected by the pandemic, the purchasing demand for both consumer and enterprise-level wireless communication devices and switches are expected to show a growth trend. The demand for wireless communication has become crucial in daily life and interpersonal relationships, affecting overall home life and work patterns. It is estimated that the overall market size of WLAN and Ethernet switches in 2023 will be NT$143.1 billion and NT$104.2 billion, respectively, with an annual growth rate of approximately 1.99% and 1.26%, showing a slow growth trend.

D.Energy Storage

Energy storage products include backup power battery packs and power battery packs. The power battery packs comprise battery packs for electric vehicles (such as electric motorcycles, electric boats, and boom lifts) and battery packs for electric assist bicycles (E-Bikes). Electric motorcycle and E-Bike battery packs are the main types of power battery packs. According to Taiwan's policy, all newly sold motorcycles will be electric motorcycles by 2040, and a budget of NT$168.3 billion has been allocated for the transportation industry which has higher carbon emissions for the replacement of fuel vehicles with electric vehicles. In addition, according to PRECEDENCE RESEARCH, due to the rising awareness of environmental protection and the impact of theID-19, the global production value of electric assist bicycles has been growing year by year. It is expected to increase from US$18.86 million in 2022 to US$40.98 million in 2030, with a compound annual growth rate of 10.19%. Benefiting from government subsidy policies, there is an expected increase in the demand for power battery packs.

In terms of backup power battery packs, according to an analysis by InfoLink research, the domestic energy storage market in Taiwan is expected to see significant growth from 2023 onwards, driven by government policy support and the increasing penetration of renewable energy. By 2025, the accumulated capacity is expected to reach 3 GWh, and Taiwan's share of the global electrochemical energy storage accumulated installed capacity is over 1%. The market size is expected to increase from NT$10 billion in 2023 to NT$20 billion in 2026, with accumulated capacity reaching 20 GWh by 2030, and the market size further reaching NT$200 billion.

(4)Niche Advantages

A.Good customer relationships

Since its establishment in 1998, Celxpert has been committed to maintaining long-term partnerships with our ODM customers, assisting them in enhancing their competitiveness, and pursuing steady growth. In addition to our ongoing partnerships with our original customers, our goal is to continue to grow by adding 1-2 new customers per year.

B.Good supplier relationships

Celxpert maintains long-term relationships with the major suppliers to ensure a stable supply of the materials; We also expand new material suppliers for stable supplies.

C.Complete development and testing capabilities of battery packs

Celxpert has established a complete design capability from PCB assembly design, testing, and mold development, and is able to design products according to different specifications and requirements of customers. We also possess QA laboratory certification capabilities, which are synchronized with international industry standards.

D.Good production procedure quality

Standardization of processes, in-house development, and manufacturing of production and testing equipment and fixtures have effectively controlled production speed and quality, achieving the goal of automation and reducing human error. Process and quality have become more stable, facilitating the development of new customers.

E.High production efficiency, rapid delivery with high flexibility

As consumer behavior and preferences change rapidly in the information product market, product innovation and diversification have become important marketing strategies. In order to meet these demands and satisfy consumers' pursuit of novelty, the Company can quickly adapt to changes in product demand and adjust our production processes to increase efficiency and flexibility in delivery. We also work closely with our customers to provide just-in-time delivery to meet their needs.

(5) Favorable and Unfavorable Factors in the Long Term

A.Favorable factors

The Company has a professional R&D team, with over half of the members having more than 10 years of experience in the field. They possess excellent R&D and design capabilities for related components and have the ability to develop their own testing equipment. Our Shop-floor system is constructed to enable the tracing of all conditions related to the production of a product in the shortest possible time, allowing for the most immediate follow-up processing. In addition, our dedicated sales and QA teams in mainland China are always available to provide support and meet customer requirements.

B.Unfavorable factors

(A)Most of the materials depend on import:

The main raw materials of the Company, battery cells, are currently mostly supplied by manufacturers from Korea and China. Only a few manufacturers in Taiwan produce battery cells, and their production capacity is not high. Therefore, our supply chain is susceptible to factors such as exchange rates, lead times, pricing, and the availability of raw materials. If we cannot effectively control the source of our raw materials, it may pose certain risks to our operations.

Countermeasures:

(a) Our battery cell suppliers have expanded to six companies, and Celxpert has established cooperative relationships with major battery manufacturers, ensuring a stable supply of products.

(b) Celxpert has established strategic alliances with key customers and maintains good interactions with suppliers, ensuring stable and long-term partnerships that can guarantee a stable source of raw materials.

(c) Celxpert collects exchange rate-related data to facilitate the company's forward foreign exchange transactions and hedging operations.

(d) Celxpert provides suppliers with customer forecasts in advance, allowing suppliers sufficient time to prepare materials and reducing the risk of material shortages due to short lead times.

(B)The increase in the basic wage in China has resulted in an increase in production costs, which has prevented the company from achieving its maximum economic efficiency.

Countermeasures:

(a)The Company promotes process automation, improves efficiency, controls quality, and reduces costs.

(b)Celxpert values employee benefits and increases employee morale and reduces employee turnover with the motivation drive of profit-sharing. We also strengthen employee professional training to solve the problem of professional inadequacy. Furthermore, regular professional courses are provided to enhance employee productivity for professional talent development.

(C)Price attacks by competitors:

The competition among peers is fierce, not only facing price pressure from existing competitors but also new entrants (e.g., China), who are willing to compete on price to win orders. Over the past 3-5 years, the average selling price (ASP) of battery modules has dropped by about 50% (for NB, Tablet, etc.), resulting in increased pressure on the price-to-volume ratio and revenue.

Countermeasures:

(a) The Company invests in the R&D team to strengthen new product development technology, and proactively provides customers with necessary information and assistance to solve any research and development issues.

(b) Celxpert improves the stability of product quality after mass production to gain customer trust and maintain stable growth of orders.

(c) Celxpert enhances business management performance, reduces costs, and improves production capacity.

2. Production Procedures of Main Products

(1) Major Products and Their Main Uses: The Company's main products are laptop battery packs, ultra-thin laptop battery packs, embedded battery packs for tablets, embedded battery packs for smartphones, power tool battery packs, power drives, and backup battery packs for high-powered electronic products. These products are mainly used as power sources for laptops (including ultra-thin laptops, tablets, and smartphones) and as backup power sources for digital and powered electronic products.

(2) Major Products and Their Production Processes

Our battery pack production is primarily driven by a dedicated R&D team. Through a thorough understanding of customer needs and our insistence on high-quality materials, the battery packs are produced and shipped to system vendors or end customers. The process involves precise automated equipment such as battery sorting machines, automatic spot welding machines, (laser) welding machines, testing machines, and charging and discharging machines. Our standardized production processes, factory management, and excellent employees work together to create products that meet the demands of the new era of green energy. The following flowcharts briefly illustrate the product areas Celxpert is involved in and our production control principles.

A.Laptop battery packs (OEM)

B.Power tool battery packs (OEM)

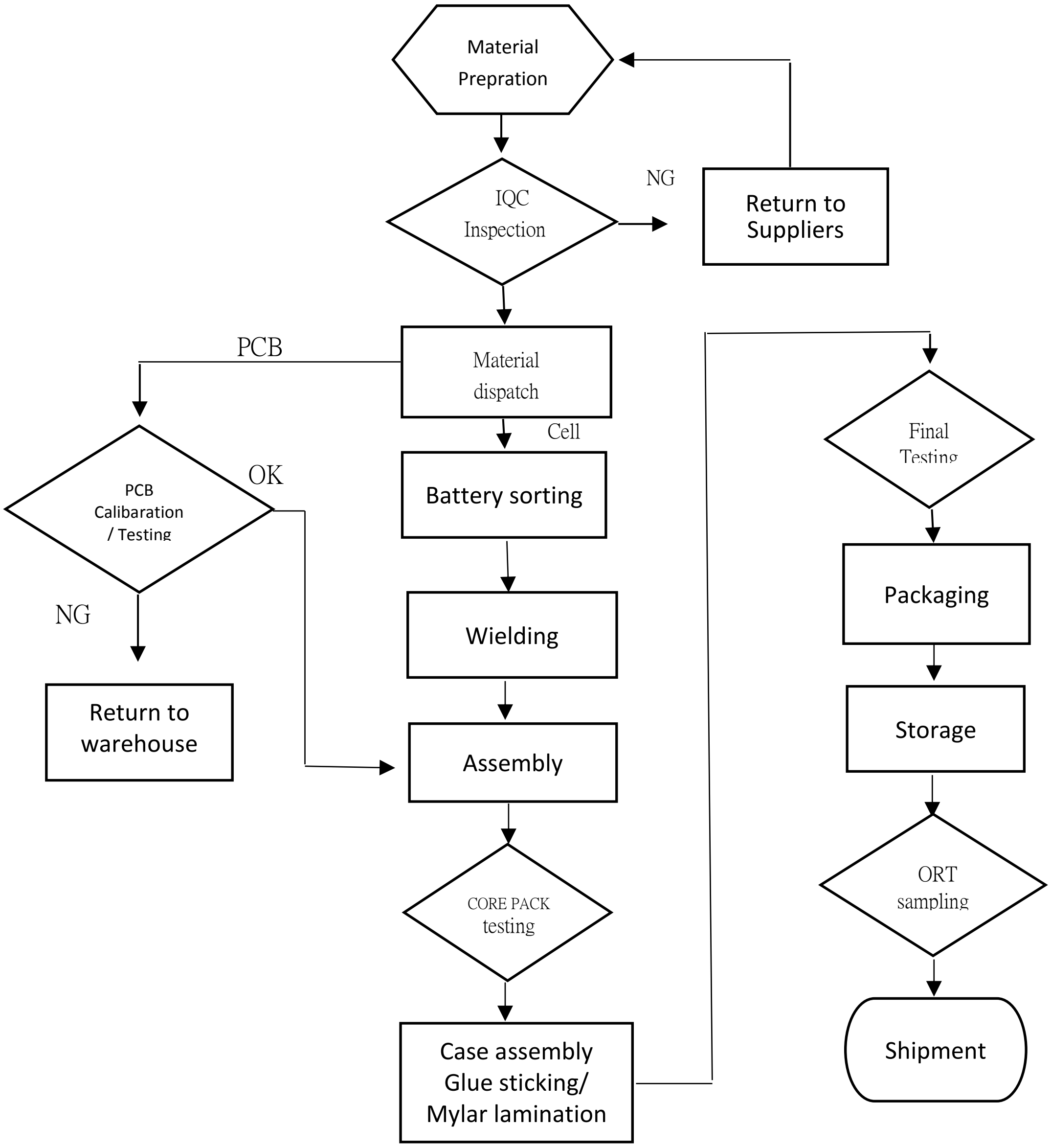
C.Laptop battery packs (ODM) and battery backup modules

D.Tablet battery packs including embedded battery packs

E.High-wattage power battery packs

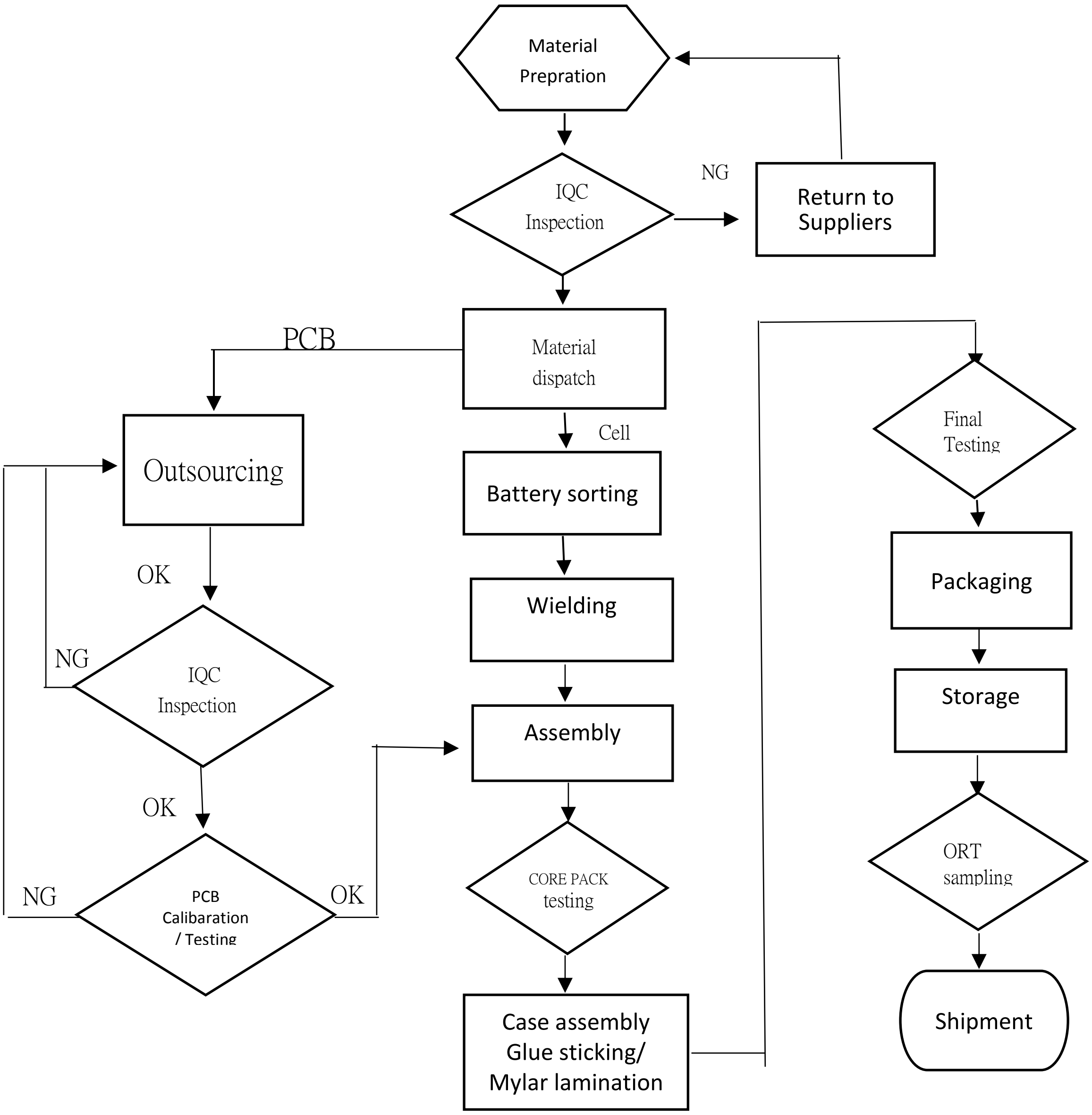
The single-cell sources used in the above battery packs include cylindrical cells, prismatic cells, and polymer cells, all of which require different manufacturing processes and technological capabilities in the factory.

(A)(B)Laptop and Power Tool Battery Packs (OEM) Production Flowchart

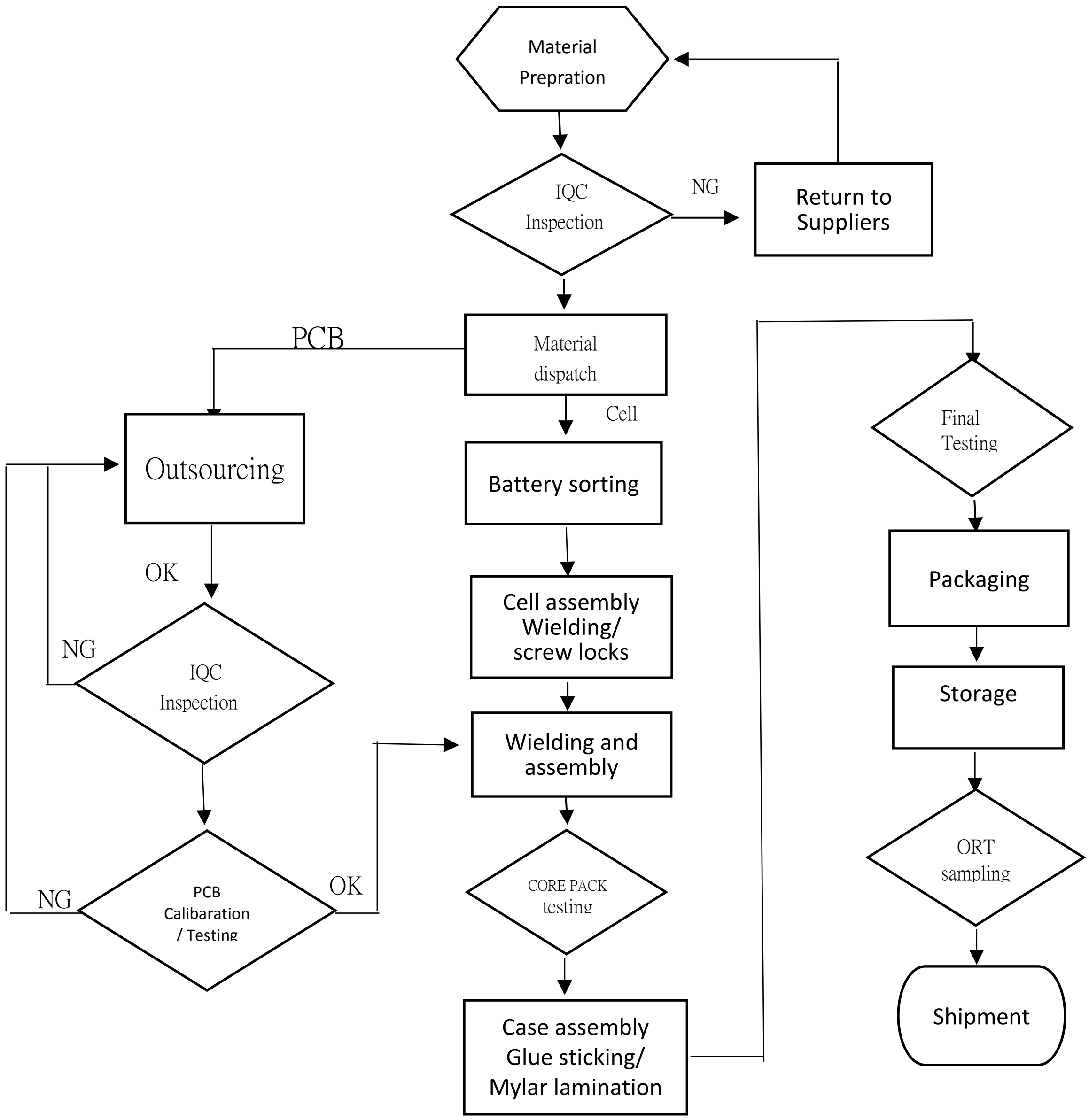


(C)(D) Laptop/Tablet battery Packs Including Embedded Battery Packs (ODM)

Production Flowchart



(E) High-Wattage Power Battery Packs Production Flowchart



3.Supply Status of Main Materials

Main materials	Source of Supply	Supply Situation
Battery Cell	Consumer market: Company #10001, #10433 Automotive / industrial control market: Company #10747, #10645	Consumer market: Supply is back to normal with 8~10 weeks of L/T Automotive / industrial control market: Supply is gradually relaxed and L/T is reduced to 12 weeks
IC	Consumer market: Company #10757, #10067, #10075 Automotive/industrial control control market: Company #10287, #10207, #10042	Consumer market: Supply is now better with approx. 12 weeks of L/T Automotive / industrial control market: The overall supply is getting stable except for certain key materials such as MCU is still in Allocation condition with 30 weeks of L/T

In 2023, the global COVID-19 condition is expected to subside, leading to a restructuring of demand in the consumer and automotive markets. The supply and demand for semiconductors are gradually becoming more balanced, and the lead time for consumer-grade battery cells and ICs is returning to pre-pandemic levels. However, the lead time for automotive and industrial control battery cells and ICs is still improving at a slower pace, but continues to move towards stabilization.

4.Major Suppliers and Customers in the Most Recent Two Years: Major customers/ suppliers who have accounted for at least 10% of sales/ procurement, their transaction amount and ratios, and the cause of change in either one of the most recent two years:

(1)Major Suppliers in the Most Recent Two Years

Unit: NT$ thousands

Item	2021				2022				2023 (As of March 31)			
	Company Name	Amount	%	Relationship with Issuer	Company Name	Amount	%	Relationship with Issuer	Company Name	Amount	%	Relationship with Issuer
1	Zhuhai CosMX	2,346,753	19.70%	None	Zhuhai CosMX	1,948,724	21.30%	None	Shanghai BYD	373,055	26.41%	None
2	Shanghai BYD	2,229,135	18.72%	None	Shanghai BYD	1,933,119	21.13%	None	Zhuhai CosMX	306,935	21.73%	None
3	ATL	2,080,782	17.47%	None	ATL	1,605,452	17.55%	None	ATL	152,886	10.82%	None
4	Others	5,254,053	44.11%	None	Others	3,663,003	40.02%	None	Others	579,620	41.04%	None
	Net Total Supplies	11,910,723	100%		Net Total Supplies	9,150,298	100%		Net Total Supplies	1,412,496	100%	

Cause of change: The Company's purchasing is mainly based on the actual needs of customer orders. Therefore, the proportion of purchases will vary depending on the different orders.

(2)Major Customers in the Most Recent Two Years

Unit: NT$ thousands

Item	2021				2022				2023 (As of March 31)			
	Company Name	Amount	%	Relationship with Issuer	Company Name	Amount	%	Relationship with Issuer	Company Name	Amount	%	Relationship with Issuer
1	A	7,499,586	53.74%	None	A	7,063,260	63.64%	None	A	1,037,350	60.05%	None
2	B	2,124,417	15.23%	None	C	951,429	8.57%	None	B	159,841	9.25%	None
3	C	2,059,419	14.76%	None	B	841,300	7.58%	None	C	147,501	8.54%	None
4	Others	2,270,739	16.27%	None	Others	2,243,601	20.21%	None	Others	382,720	22.16%	None
	Net Sales	13,954,161	100%		Net Sales	11,099,590	100%		Net Sales	1,727,412	100%	

Cause of change:

(1)In the first half of 2022, the laptop battery module was impacted by factors such as China's lockdown, global inflation, and the sharp increase in CPI. In the second half of the year, the economic situation improved, and customers focused on reducing inventory levels and clearing out stock, leading to a conservative pull-in trend and a decrease in the Company’s revenue.
(2)The battery modules for power tools and gardening products were continuously affected by the Russia-Ukraine conflict and the global economic situation. The hand tool industry reacted too slowly during the economic downturn last year, leading to a surge in customer inventory levels and a decline in customer demand.

5.Production in the Most Recent Two Years

Unit: thousand units/NT$ thousands

Year / Output / Main Products (or by department)	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
battery pack	33,671	32,523	13,076,786	38,033	24,039	10,008,078
Others	0	0	0	0	0	0
Total	33,671	32,523	13,076,786	38,033	24,039	10,008,078

6.Shipments and Sales in the Most Recent Two Years

Unit: thousand units/NT$ thousands

Year / Shipments & Sales / Main Products (or by department)	2021				2022			
	Domestic		Export		Domestic		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
battery pack	661	333,137	30,296	13,546,214	477	403,528	19,291	10,619,722
Others	1,813	6,720	1,913	68,090	24,280	17,366	630	58,974
Total	2,474	339,857	32,209	13,614,304	24,757	420,894	19,921	10,678,696

5.3.Information of Employees in the Most Recent Two Years

Year / No. of People		2021	2022	2023 as of3/31
Number of Employees	Direct	1,196	810	708
	Indirect	741	596	618
	Total	1,937	1,406	1,326
Average Age		33.3	32.8	32.6
Average Years of Service		4.4	4.1	4.1
Education	Ph.D.	0	0	0
	Masters	69	68	66
	Bachelor’s Degree	395	302	318
	Senior High School	1,412	983	891
	Below Senior High School	61	53	51

5.4.Information on Environmental Protection Expenditure

1. According to the relevant laws and regulations, those who are required to apply for Pollution Facility Installation Permit, Pollution Discharge Permit, pay pollution prevention and control fees, or establish dedicated environmental personnel shall provide an explanation regarding their application, payment, or establishment status:

   The Company has had no pollution incidents or relevant losses for the most recent two years and up to the date of printing of this annual report.

2. The Company’s investment in major equipment for the prevention and control of environmental pollution, its use, and possible benefits: None.
3. The Company has improved its environmental pollution process, and if it has pollution disputes in the most recent two years and up to the date of printing of this annual report, it shall explain its handling process: None.

4. Any losses or penalties suffered by the Company due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions) in the most recent two years and up to the date of printing of this annual report. Disclosure on current and future estimates of possible damages and countermeasures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.

5. The impact of the current pollution situation and its improvement on the company's earnings, competitive position or capital expenditure, and its expected major environmental protection capital expenditure in the next two years: None.

5.5.Employer-employee Relations

1. System and implementation status of various employee welfare, education, training and retirement, as well as labor-management agreements, and measures to protect the rights of the employees

(1)Employee welfare measures

The Company has established an Employee Welfare Committee to allocate welfare funds for employee welfare purposes according to the laws and regulations. The funds used in employee welfare activities include recreational leisure, marriage, funeral and other joyous occasions, festival gifts, annual traveling subsidies, employee insurance, regular health examination, various courses and training, lucky draws at the year-end party, and other activities.

(2)Education, training implementation status

The Company has established an employee education and training management system, which includes a systematic training program aimed at enhancing employees' professional skills and management abilities. The implementation status is as follows:

Item	2019	2020	2021	2022
Courses	Guide training for new recruits, fire drills, supervisor management training, professional functional training			
No. of classes	248	273	239	232
No. of Participants	2,159	2,853	2,556	2,263
Total hours	4,785	5,730	4,449	5,568

(3)Retirement system implementation status

The Company complies with the Labor Standards Act to set aside a retirement reserve fund at the rate of 2% of the total monthly salary, which is deposited in a special account at the Taiwan Bank (formerly the Central Trust of China). Starting from July 1, 2005, by the implementation of the Labor Retirement Pension Act (hereinafter referred to as the new system), if an employee chooses to apply the new system, the Company will set aside a retirement pension at the rate of 6% of the total monthly salary, which will be deposited into the employee's personal account of the Labor Retirement Pension Fund.

(4) Labor-management agreements, and measures to protect the rights of the employees and the implementation status

The Company has always attached great importance to the harmonious relationship between labor and management, and regularly holds labor-management meetings to establish a two-way communication channel.

We hope that through our efforts, both labor and management can achieve a common understanding and make the interests of employees and the company mutually beneficial.

2. Any losses suffered by the company in the most recent two years and up to the printing of this annual report due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions). Disclosure on current and future estimates of possible losses and countermeasures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:

(1) Losses suffered by the company in the most recent two years and up to the printing of this annual report due to labor disputes:

①

Disposition Date	Disposition reference number	Articles of law violated	Content of the dispositions	Penalty amount	Countermeasures
2021.10.27	Fu-Lao-Jian-Zi No. 1100271405	Article 24-1 Labor Standards Act	Overtime applications for extended working hours and review work are not completed in time	NT$50,000	The Company has re-examined the working hours management system and strengthened communication and promotion of overtime application procedures.

②In addition, regarding a labor dispute arose between the Company and its employee regarding the payment of severance pay. On September 26, 2022, the labor dispute was filed with the Taoyuan City Labor Bureau. On November 7, 2022, the labor dispute mediation committee was held, and the labor side requested the termination of the labor contract in accordance with the relevant provisions of the Labor Standards Act, the payment of severance pay by the Company, and the issuance of a certificate of involuntary termination by the Company. Based on the principle of labor-management harmony, the Company agreed to the demands of the labor side, and the mediation was reached on the same day. Although the aforementioned labor dispute occurred, it had no significant impact on the Company's financial or business operations.

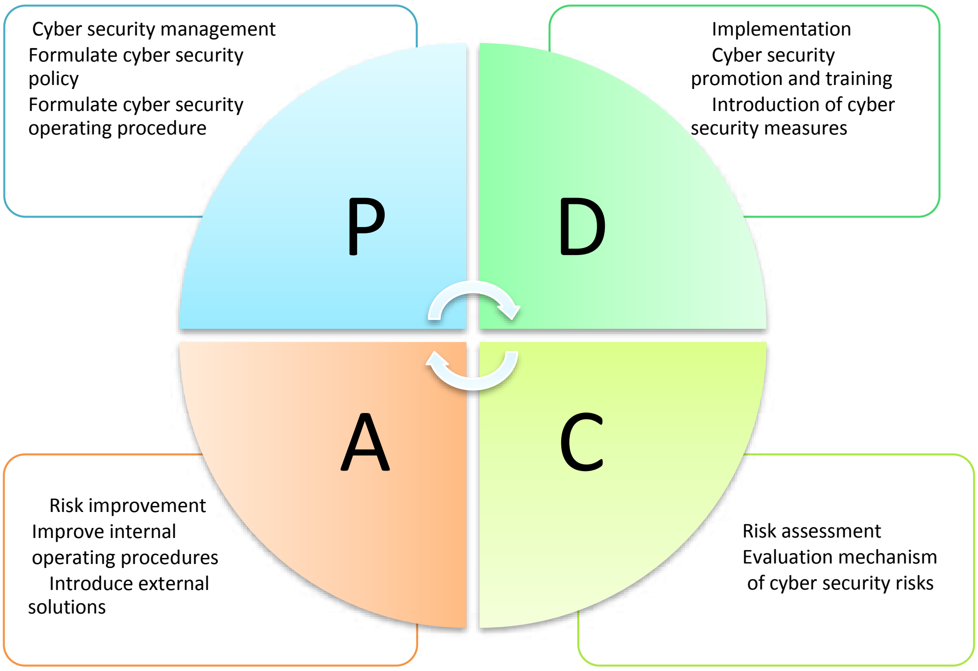
(2)Current and future estimates of possible losses and countermeasures:

The Company recognizes that labor is a vital part of its capital and continues to strengthen communication between labor and management. In the most recent year up until the date of printing this annual report, there have been no significant labor disputes resulting in losses. The Company will continue to make efforts to prevent disputes, implement various employee welfare measures, and it is estimated that there will be no situations causing losses in the future.

5.6.Cyber Security Management

1. Cyber security management framework

The Information Technology (IT) Department is responsible for cyber security within the Company, which includes one information officer and several professional IT staff who are in charge of developing, promoting, and implementing cyber security policies. The audit office is the unit responsible for auditing and evaluating cyber security risks. This unit has one audit officer who oversees and audits the internal cyber security implementation status. By the "Regulations Governing Establishment of Internal Control Systems by Public Companies," we include "controls for cyber security inspections" in our annual audit plan and carry out audit operations according to the designated schedule. If any deficiencies are found, we immediately require the audited unit to propose relevant improvement plans and specific measures. We also regularly monitor the effectiveness of improvements to reduce internal cyber security risks. The Company's cyber security operation model adopts a PDCA (Plan-Do-Check-Act) cycle management approach to ensure that goals are achieved and continuously improved.



2. Cyber security policy

Describe the information security risk management structure, information security policy, specific management plan and invest in information security Managed resources, etc.:

(1)System regulation: Formulate the "Regulations for Information Operation" to regulate the information security behavior of the Company's personnel. The relevant regulations are reviewed annually to ensure compliance with laws and regulations and adapt to changes in the operating environment as needed.

(2)Security system construction: To prevent various external cyber security threats, in addition to adopting a multi-layered network architecture design, various information security protection systems have been established to enhance the overall security of the information environment.

(3)Personnel security awareness training: To reduce the impact of internal human factors on cyber security, the IT Department regularly conducts cyber security education and awareness training for employees to enhance their understanding and awareness of cyber security.

3. Specific management measures: The Company's cyber security management measures are as follows:

(1)Terminal security management: The antivirus software for all internal servers and endpoints is deployed uniformly from a centralized console. The virus definitions and malicious behavior characteristics are updated in real-time, which enables the software to intercept viruses, Trojan horses, worms, ransomware, and malicious programs carried by email attachments or folders promptly. This helps to effectively reduce the risk of damage caused by hacking attacks.

(2)Network access security management: All internal systems of the company are located within a virtual network, which is isolated from the external network to prevent direct access. Additionally, multiple network security defense systems have been implemented. A firewall and an intrusion prevention system located at the network front end can defend against external network attacks, and immediately block the latest malicious software and harmful website links to mitigate potential threats.

(3)Secure management of system access accounts: All employees of the Company are required to use their individual accounts to access computers for system operations or to use network services. Access passwords are set for all information systems and users are required to change their passwords regularly. User account privileges are set according to business scope and responsibilities, and data access must be approved through an authorization process by the relevant supervisors before being granted or changed. When an employee leaves their position, their account and privileges are immediately revoked to prevent unauthorized use.

(4)Physical equipment and environmental security management: Computer servers and related storage and network equipment are located in a dedicated server room, which is equipped with an environmental monitoring system and a power supply system with voltage stabilization and uninterrupted power supply to prevent damage caused by unstable voltage or sudden power failure. The server room is managed by the IT Department and unauthorized access is strictly prohibited.

4. Cyber security prevention measure

System and document local backups are performed daily, weekly, and monthly, and backup media are regularly sent to off-site locations for safekeeping. Annual system data recovery tests are conducted to ensure normal operation of the information system and data preservation, reducing the risk of data loss caused by unexpected natural disasters or human errors. In the event of a security incident that affects the normal operation of the information system or the efficiency of operations, the IT Department will coordinate with relevant units to form an information security incident response team to handle the incident. Considering that cyber security insurance is still a relatively new type of insurance and the claims process and conditions may not apply to all cyber security incidents, the Company has not yet purchased cyber security insurance. Instead, an internal warning system has been established to immediately generate alerts and notify system administrators when specific cyber security incidents occur, thereby taking effective protective measures to minimize the risk of cyber security incidents caused by human errors.

5. Loss occurs due to cyber security disputes in the most recent two years and up to the printing of this annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.

The Group did not have any loss due to cyber security disputes in the most recent two years and up to the printing of this annual report. With the continuous implementation of the cyber security management policy objectives and regular recovery plan exercises to protect the security of important systems and data of the company.

6.Resources invested in information security management:

(1) Establish a dedicated information security unit "Information Security

Department", assign information security supervisors and information security personnel, and be responsible for the construction of information security structures Planning, information security maintenance and monitoring, information security incident response and investigation, information security policy review and revision.

(2) Carry out risk assessment work at least once a year, and invest resources in improving high-risk projects until they are improved to acceptable risk.

(3) Introduce a vulnerability scanning tool to conduct a comprehensive system weakness scan of key hosts once a month to confirm the system updates and set compliance.

(4) Participate in professional information security groups at home and abroad, continuously collect and confirm external threat information, and cooperate with information departments Continuously adjust protection settings to strengthen threat protection.

(5) Invest corresponding resources to complete the operation continuity plan and drill of key systems to avoid external attacks cause operational disruption. Including file encryption, authority control, USB lock, firewall, uninterruptible power system system, remote backup, anti-virus and anti-hacking system, etc.

(6) From time to time, publicize employees' information security awareness and cognition for colleagues throughout the company.

7.List the losses and probable losses incurred due to major information security incidents in the last two years and up to the date of publication of the annual report If the impact and response measures cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be explained:

In the last two years and as of the publication date of the annual report, the Group has not suffered losses due to information security issues. It continues to implement information security management policy objectives, and regularly implements recovery plan drills to protect the company's important systems and data security.

5.7.Important Contracts:

Agreement	Counterparty	Period	Major Contents	Restrictions
Long term loan	Bank SinoPac	2022/09/05-2024/09/30	Operation purpose	No guarantee
Short term loan	Bank SinoPac	2022/09/05-2023/09/30	Operation purpose	No guarantee
Mid-to-long term loan	Mega Bank	2022/08/26-2024/08/25	Operation purpose	No guarantee
Short term loan	Mega Bank	2022/08/08-2023/08/07	Operation purpose	No guarantee
Mid-to-long term loan	First Bank	2022/11/09-2024/11/09	Operation purpose	No guarantee
Short term loan	First Bank	2022/11/09-2023/11/09	Operation purpose	No guarantee
Mid-to-long term loan	China Trust	2022/11/30-2024/11/30	Operation purpose	No guarantee
Short term loan	China Trust	2022/11/30-2023/11/30	Operation purpose	No guarantee
Broker contract	Inspire	2021/04/01-2023/07/31	Broker	None

VI.Financial Status

6.1.Condensed Balance Sheet and Statement of Comprehensive Income for the Most Recent 5 Years

(1)Condensed Consolidated Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet－IFRS

Unit: NT$ thousands

Item / Year		2018	2019	2020	2021	2022	As of 2023/3/31 (Note 1)
		Financial Information for Most Recent 5 Fiscal Years (Note 1)					
Current Assets (Note 1)		5,432,959	4,948,932	6,460,676	6,982,260	5,804,202	5,313,886
Property, Plant and Equipment		533,884	517,405	499,481	588,749	691,224	668,956
Surface Right Assets (Note 2)		－	12,631	13,706	24,179	29,237	37,163
Intangible Assets		7,787	8,371	7,305	8,764	5,596	6,063
Other Assets		48,054	51,213	44,884	55,577	66,915	64,810
Total Assets		6,022,684	5,538,552	7,026,052	7,659,529	6,597,174	6,090,878
Current Liabilities	Before distribution	3,631,911	3,240,325	4,541,559	4,463,269	2,952,338	2,825,068
	After distribution	3,803,317	3,323,631	4,742,324	4,623,881	2,952,338	2,825,068
Non-current Liabilities		2,009	2,872	18,312	690,215	1,042,940	894,980
Total Liabilities	Before distribution	3,633,920	3,243,197	4,559,871	5,153,484	3,995,278	3,720,048
	After distribution	3,805,326	3,326,503	4,760,636	5,314,096	3,995,278	3,720,048
Equity Attributable to Owners of the Parent Company		2,385,509	2,292,679	2,466,180	2,506,044	2,585,475	2,354,731
Share Capital		867,999	833,059	803,059	803,059	803,059	803,059
Capital Surplus		688,829	663,055	640,924	640,924	640,924	640,924
Retained Earnings	Before distribution	813,879	764,015	988,866	1,041,726	1,102,621	873,550
	After distribution	642,473	680,709	788,101	881,114	1,102,621	873,550
Other Equity		40,776	32,550	33,331	20,335	38,871	37,198
Treasury Shares		(25,974)	－	－	－	－	－
Non-controlling Interests		3,255	2,676	1	1	16,421	16,099
Total Equity	Before distribution	2,388,764	2,295,355	2,466,181	2,506,045	2,601,896	2,370,830
	After distribution	2,217,358	2,212,049	2,265,416	2,345,433	2,601,896	2,370,830

Note 1: The above financial data have been audited or attested by the CPAs.
Note 2: IFRS No. 16 "Lease" has been applied since 2019/1/1.

2. Condensed Consolidated Statement of Comprehensive Income－IFRS

Unit: NT$ thousands

Year / Item	Financial Information for Most Recent 5 Fiscal Years (Note)					As of 2023/3/31 (Note)
	2018	2019	2020	2021	2022	
Operating Revenue	9,377,305	9,193,737	12,167,424	13,954,161	11,099,590	1,727,412
Gross Profit	881,268	882,933	1,215,443	1,150,138	10,103,023	44,885
Operating Income	209,781	210,205	439,114	345,607	187,130	(120,514)
Non-operating Income & Expenses	46,348	2,175	9,856	19,507	102,082	(10,525)
Profit Before Income Tax	256,129	212,380	448,970	365,114	289,212	(131,039)
Net Income for the Period from Continuing Operations	199,845	169,600	336,554	254,076	220,545	(108,934)
Loss from Discontinued Operations	－	－	－	－	－	－
Net Income (Loss) for the Period	199,845	169,600	336,554	254,076	220,545	(108,934)
Other Comprehensive Income (Loss) for the Period (Net of Income Tax)	(4,890)	(8,249)	(187)	(13,447)	20,918	(1,673)
Total Comprehensive Income for the Period	194,955	161,351	336,367	240,629	241,463	(110,607)
Net Income Attributable to Owners of Parent	200,337	170,334	336,621	254,076	220,606	(108,612)
Net Income Attributable to Non-controlling Interests	(492)	(734)	(67)	－	(61)	(322)
Total Comprehensive Income attributable to owners of the parent company	195,506	161,930	336,793	240,629	241,524	(110,285)
Total Comprehensive Income attributable to Non-controlling Interests	(551)	(579)	(426)	－	(61)	(322)
Earnings per Share	2.31	2.02	4.14	3.16	2.75	(1.35)

Note: The above financial data have been audited or attested by the CPAs.

3. Condensed Individual Balance Sheet－IFRS

Unit: NT$ thousands

Item		Year: Financial Information for Most Recent 5 Fiscal Years (Note) 2018	2019	2020	2021	2022
Current Assets		5,307,946	4,803,276	6,338,595	6,660,110	5,541,484
Property, Plant and Equipment		207,092	217,504	204,163	209,554	214,278
Surface Right Assets (Note 2)		－	3,305	3,590	15,708	14,290
Intangible Assets		2,697	3,635	4,510	3,699	966
Other Assets		335,234	388,733	397,519	633,928	672,629
Total Assets		5,852,969	5,416,453	6,948,377	7,522,999	6,443,647
Current Liabilities	Before distribution	3,465,451	3,120,902	4,464,966	4,335,857	2,830,463
	After distribution	3,636,857	3,204,208	4,665,731	4,496,469	2,830,463
Non-current Liabilities		2,009	2,872	17,231	681,098	1,027,709
Total Liabilities	Before distribution	3,467,460	3,123,774	4,482,197	5,016,955	3,858,172
	After distribution	3,638,866	3,207,080	4,682,962	5,177,567	3,858,172
Equity		2,385,509	2,292,679	2,466,180	2,506,044	2,585,475
Share Capital		867,999	833,059	803,059	803,059	803,059
Capital Surplus		688,829	663,055	640,924	640,924	640,924
Retained Earnings	Before distribution	813,879	764,015	988,866	1,041,726	1,102,621
	After distribution	642,473	680,709	788,101	881,114	1,102,621
Other Equity		40,776	32,550	33,331	20,335	38,871
Treasury Shares		(25,974)	－	－	－	－
Total Equity	Before distribution	2,385,509	2,292,679	2,466,180	2,506,044	2,585,475
	After distribution	2,214,103	2,209,373	2,265,415	2,345,432	2,585,475

Note 1: The above financial data have been audited and attested by the CPAs.
Note 2: IFRS No. 16 “Lease” has been applied since 2019/1/1.

4. Condensed Individual Statement of Comprehensive Income－IFRS

Unit: NT$ thousands

Year / Item	Financial Information for Most Recent 5 Fiscal Years (Note)				
	2018	2019	2020	2021	2022
Operating Revenue	9,374,162	9,192,766	12,125,812	13,932,461	11,090,325
Gross Profit	643,996	636,017	952,019	1,001,733	902,776
Operating Income	185,212	151,116	441,232	384,905	259,452
Non-operating Income & Expenses	65,929	56,150	6,880	(30,864)	29,350
Profit Before Income Tax	251,141	207,266	448,112	354,041	288,802
Net Income for the Period from Continuing Operations	200,337	170,334	336,621	254,076	220,606
Loss from Discontinued Operations	－	－	－	－	－
Net Income (Loss) for the Period	200,337	170,334	336,621	254,076	220,606
Other Comprehensive Income (Loss) for the Period (Net of Income Tax)	(4,831)	(8,404)	172	(13,447)	20,918
Total Comprehensive Income for the Period	195,506	161,930	336,793	240,629	241,524
Earnings per Share	2.31	2.02	4.14	3.16	2.75

Note: The above financial data have been audited and attested by the CPAs.

(2) Matters of material significance which affected the comparability of the above-mentioned condensed financial statements, such as accounting changes, corporate mergers, or suspension of work in the operating departments, etc., and the impact of these events on the then current financial reports: None.

(3)Auditors' Name and Opinions for the Past Five Years

1. Auditors' Name and Opinions for the Past Five Years

Year	Name of CPAs	Accounting Firm	Audit Opinion
2018	Yen, Hsing-Fu; Kuo, Guan-Ying	KPMG Taiwan	Unmodified opinion
2019	Yen, Hsing -Fu; Kuo, Guan-Ying	KPMG Taiwan	Unmodified opinion
2020	Kuo, Guan-Ying; Yen, Hsing -Fu	KPMG Taiwan	Unmodified opinion
2021	Kuo, Guan-Ying; Yen, Hsing -Fu	KPMG Taiwan	Unmodified opinion
2022	Kuo, Guan-Ying; Wang, Yi-Wen	KPMG Taiwan	Unmodified opinion

2. If there was a change/replacement of the CPA within the most recent 5 fiscal years, an explanation made by the company's previous and current CPA over the causes for such change/replacement shall be set forth: The change of the CPA is due to the internal job adjustment of the accounting firm.

6.2.Five-Year Financial Analysis

(1) Consolidated Financial Analysis for the Last Five Years - IFRS

Unit: %; Times; NT$

Item	Year	Financial Analysis for the Last Five Years (Note)					As of 2023/3/31
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio	63.33	58.55	64.89	67.28	60.56	61.07
	Ratio of Long-term Capital to Property, Plant and Equipment	447.19	443.66	497.41	542.88	524.92	485.78
Solvency (%)	Current Ratio	149.58	152.72	142.25	156.43	196.59	188.09
	Quick Ratio	404.52	113.27	106.87	116.11	136.82	130.07
	Interest Earned Ratio (times)	15.25	16.30	46.10	28.22	8.49	(6.98)
Operating Performance	Accounts Receivable Turnover (times)	3.32	2.85	3.42	3.31	3.00	2.5
	Average Collection Days	110	128	107	110	122	146
	Inventory Turnover (times)	7.20	5.97	7.98	7.80	5.80	4.02
	Account Payable Turnover (times)	4.30	3.92	4.35	4.66	4.88	4.41
	Average Days in Sales	51	61	46	47	63	91
	Property, Plant and Equipment Turnover (times)	18.55	17.49	23.93	25.64	17.34	10.15
	Total Asset Turnover (times)	1.74	1.59	1.93	1.90	1.55	1.08
Profitability	Return on Total Assets (%)	3.99	3.12	5.48	3.60	3.52	(6.04)
	Return on Equity (%)	8.37	7.25	14.14	10.21	8.66	(4.41)
	Ratio of Income Before Tax to Paid-in Capital (%)	29.50	25.49	55.90	45.46	36.01	(16.31)
	Net Profit Margin (%)	2.13	1.84	2.76	1.82	1.98	(6.30)
	Earnings per Share (NT$)	2.31	2.02	4.14	3.16	2.75	(1.35)
Cash Flow	Cash Flow Ratio (%)	(21.35)	9.36	11.12	(20.37)	36.74	3.98
	Cash Flow Adequacy Ratio (%)	(21.00)	2.01	(1.76)	(12.95)	17.32	31.52
	Cash Reinvestment Ratio (%)	(30.21)	4.26	12.88	(27.77)	20.58	(0.19)
Leverage	Operating Leverage	4.49	4.55	3.22	4.41	6.70	(0.86)
	Financial Leverage	1.09	1.07	1.02	1.04	1.25	0.88

Causes of changes in the financial ratios in the most recent 2 fiscal years (For changes are equal to or greater than 20%)

(1) Increase in Current Ratio: Mainly due to a decrease in the short term loan.

(2) Decrease in Interest Earned Ratio: Mainly due to a decrease in the profit before tax and an increase in interest expenses generated from increasing loans.

(3) Decrease in Inventory Turnover: Mainly due to the economic conditions, as there was a decline in customer end-demand. This resulted in the inability to effectively reduce the inventory of goods stocked based on customer orders, leading to a decrease in inventory turnover.

(4) Property, Plant and Equipment Turnover: Mainly due to a decrease in revenue.

(5) Ratio of Income Before Tax to Paid-in Capital: Mainly due to the impact of the economic conditions, resulting from the decrease of the profit.

(6) Decrease in Cash Flow Ratio, Cash Flow Adequacy Ratio, and Cash Reinvestment Ratio: Mainly due to an increase in the net cash inflow from operating activities.

(8) Increase in Operating Leverage, and Financial Leverage: Mainly due to a decrease in the operating profit.

Note: The above financial data have been audited and attested by the CPAs.

(2) Individual Financial Analysis for the Last Five Years - IFRS

Unit: %; Times; NT$

Item	Year	2018	2019	2020	2021	2022
Financial structure%	Debt Ratio	59.24	57.67	64.50	66.68	59.87
	Ratio of Long-term Capital to Property, Plant and Equipment	808.83	678.93	677.97	532.42	581.22
Solvency %	Current Ratio	153.16	153.90	141.96	153.60	195.78
	Quick Ratio	107.29	114.30	107.09	113.35	133.99
	Interest Earned Ratio (times)	20.50	27.54	66.35	31.94	9.51
Operating Performance	Accounts Receivable Turnover(times)	3.32	2.85	3.41	3.30	2.99
	Average Collection Days	110	129	108	111	122
	Inventory Turnover(times)	7.44	6.17	8.15	7.87	5.85
	Account Payable Turnover (times)	4.23	3.86	4.20	4.46	4.69
	Average Days in Sales	50	60	45	47	62
	Property, Plant and Equipment Turnover (times)	47.65	43.30	57.51	67.35	52.33
	Total Asset Turnover (times)	1.79	1.63	1.96	1.92	1.58
Profitability	Return on Total Assets (%)	4.04	3.13	5.53	3.63	3.54
	Return on Equity (%)	8.39	7.28	14.14	10.21	8.66
	Ratio of Income Before Tax to Paid-in Capital (%)	28.93	24.88	55.80	44.08	35.96
	Net Profit Margin (%)	2.13	1.85	2.77	1.82	1.98
	Earnings per Share(NT$)	2.31	2.02	4.14	3.16	2.75
Cash Flow	Cash Flow Ratio (%)	(24.45)	15.37	11.11	(22.72)	37.71
	Cash Flow Adequacy Ratio (%)	(25.16)	(10.78)	(10.96)	(25.00)	7.48
	Cash Reinvestment Ratio (%)	(43.11)	13.59	16.79	(40.08)	26.95
Leverage	Operating Leverage	2.49	3.10	1.82	1.99	2.56
	Financial Leverage	1.07	1.05	1.01	1.03	1.15

Causes of changes in the financial ratios in the most recent 2 fiscal years (For changes are equal to or greater than 20%)

(1) Increase in Current Ratio: Mainly due to a decrease in the short term loan.

(2) Decrease in Interest Earned Ratio: Mainly due to a decrease in the profit before tax and an increase in interest expenses generated from increasing loans.

(3) Decrease in Inventory Turnover: Mainly due to the economic conditions, as there was a decline in customer end-demand. This resulted in the inability to effectively reduce the inventory of goods stocked based on customer orders, leading to a decrease in inventory turnover.

(4) Property, Plant and Equipment Turnover: Mainly due to a decrease in revenue.

(5) Decrease in Cash Flow Ratio, Cash Flow Adequacy Ratio, and Cash Reinvestment Ratio: Mainly due to an increase in the net cash inflow from operating activities.

(6) Increase in Operating Leverage: Mainly due to a decrease in the operating profit.

Note 1: The following formulas for the calculation of the financial ratios shall be listed below:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital 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) Interest Earned Ratio = earnings before tax and interest expenses / current interest expenses.
3. Operating Performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.

(4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.

5. Cash Flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Leverage：

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

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

6.3.Audit Committee's Report

Celxpert Energy Corporation
Audit Committee's Report

To: The General Meeting of Shareholders as of the year 2023
The Board of Directors has prepared the Company's 2022 Financial Statements which have been audited by the CPA firm of KPMG Taiwan retained by the Board of Directors and has issued an audit report with unmodified unqualified opinion.

The Board of Directors has also prepared the 2022 Business Report, and Motion of Earnings Distribution and found the same to be true and correct by this Audit Committee. Therefore, the Audit Committee's Report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The Convenor of the Audit Committee: Wei, Hung Lin

March 10, 2023

6.4. Consolidated Financial Statements for the Most Recent Year: Please refer to page 100-150.

6.5. Individual Financial Statements for the Most Recent Year Audited and Attested by the CPAs: Please refer to page 151-209.

6.6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Representation Letter

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Report 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 recognized by the Financial Supervisory Commission, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Celxpert Energy Corporation and its Subsidiaries do not prepare a separate set of consolidated financial statements.

Celxpert Energy Corporation

Chairman: Shih-Ming Huang

March 10, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Celxpert Energy Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, 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 the Standards on Auditing of 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 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

1. Inventory Valuation

   Refer to Note 4 (8) Inventory to the consolidated financial statements for the accounting policy on inventory valuation. Refer to Note 5 to the consolidated financial statements for information regarding the uncertainty of inventory valuation. Refer to Note 6 (3) Inventory to the consolidated financial statements for accounting items related to inventory.

   Explanation on Key Audit Matter

   The inventory of the Company is measured at the lower of cost or net realizable value. Due to the customized nature of the contract manufacturing business, the risk of inventory obsolescence increases if customers anticipate orders in excess of actual purchases. Therefore, inventory impairment due to obsolescence risk is identified as a key audit matter in our examination of the financial statements of the Company.

   Corresponding Audit Procedures

   Our main audit procedures for the above key audit matters include reviewing the company's inventory valuation policy for reasonableness and compliance with the regulations of the company, taking into account the potential impact of the COVID-19 pandemic. In addition, we reviewed the inventory aging report, analyzed changes in inventory aging over each period, and tested the relevant values of the lower of cost or net realizable value in connection to the interval classification.

Other Matter

We have also audited the parent company only financial statements of Celxpert Energy Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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 the IFRS, IAS, IFRIC, and 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 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 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 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 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 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 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 Company 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 Company 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 requirement regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan-Ying Kuo and I-Wen Wang

KPMG
Taipei, Taiwan (Republic of China)
March 10, 2023

Note to Readers
The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.
The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Celxpert Energy Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

Thousands of New Taiwan Dollars

Code	ASSETS	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6 (1))	$ 1,131,007	17	664,044	9
1170	Accounts receivable,net (Note 6 (2) and 6 (14))	2,891,091	44	4,502,316	59
1200	Other receivables	4,564	-	11,989	-
1310	Inventories (Note 6 (3))	1,742,545	27	1,739,828	22
1410	Prepayments	22,070	-	59,886	1
1470	Other current assets	2,238	-	4,197	-
1476	Other financial assets－current (Note 6(1))	10,687	-	-	-
		5,804,202	88	6,982,260	91
	NONCURRENT ASSETS				
1600	Property, plant and equipment (Note 6 (5))	691,224	11	588,749	8
1755	Right-of-use assets (Note 6 (6))	29,237	-	24,179	-
1780	Intangible assets	5,596	-	8,764	-
1840	Deferred tax assets (Note 6 (11))	47,237	1	33,085	1
1920	Guarantee deposits paid	18,165	-	22,492	-
1975	Net defined benefit assets－noncurrent (Note 6 (10))	1,513	-	-	-
		792,972	12	677,269	9
	Total assets	$ 6,597,174	100	7,659,529	100

Code	LIABILITIES AND EQUITY	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT LIABILITIES				
2100	Short-term loans (Note 6 (7))	$ 765,400	12	1,361,323	18
2130	Contract liabilities－current (Note 6 (14))	31,300	-	42,867	-
2170	Accounts payable	1,623,636	25	2,509,265	33
2200	Other payables (Note 7)	344,332	5	362,759	5
2230	Current tax liabilities	121,914	2	59,452	1
2280	Lease liabilities－current(Note 6 (10))	6,869	-	5,887	-
2300	Other current liabilities	58,887	1	121,716	1
		2,952,338	45	4,463,269	58
	NONCURRENT LIABILITIES				
2540	Long-term loans (Note 6 (8))	1,000,000	15	650,000	9
2560	Current tax liabilities-noncurrent	18,369	-	-	-
2570	Deferred income tax liabilities (Note 6 (11))	538	-	18,199	-
2580	Non-current lease liabilities (Note 6 (9))	15,287	-	10,965	-
2600	Other noncurrent liabilities (Note 6 (5))	8,746	-	9,117	-
2640	Net defined benefit liabilities－noncurrent (Note 6(10))	-	-	1,934	-
		1,042,940	15	690,215	9
	Total liabilities	3,995,278	60	5,153,484	67
	EQUITY				
	Equity attributable to owners of parent (Note6 (12))				
3110	Ordinary share	803,059	12	803,059	11
3200	Capital surplus	640,924	10	640,924	8
3310	Legal reserve	356,678	6	325,092	4
3350	Unappropriated retained earnings	745,943	11	716,634	10
3410	Exchange differences on translation of foreign financial statements	38,871	1	20,335	-
	Total equity attributable to owners of parent	2,585,475	40	2,506,044	33
	NON-CONTROLLING INTERESTS				
36XX	NON-CONTROLLING INTERESTS	16,421	-	1	-
	Total equity	2,601,896	40	2,506,045	33
	Total liabilities and equity	$ 6,597,174	100	7,659,529	100

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

Chairman: Shih-Ming Huang General Manager: Shih-Ming Huang Accounting Supervisor: **Chien-Yu Lin**

Celxpert Energy Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

Code	Item	2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating Revenue** (Note 6 (14))	$ 11,099,590	100	13,954,161	100
5110	**Operating Costs** (Note 6 (3), 6 (10) and 12)	10,103,023	91	12,804,023	92
5900	**GROSS PROFIT**	996,567	9	1,150,138	8
6000	**OPERATING EXPENSES** (Note 6 (10), 6 (15), 7 and 12)：				
6100	Selling expenses	233,017	2	248,241	2
6200	Administrative expenses	344,396	3	317,238	2
6300	Research and development expenses	232,941	2	239,052	1
6450	Expected credit loss (gain)(Note 6 (2))	(917)	-	-	-
		809,437	7	804,531	5
6900	**INCOME FROM OPERATIONS**	187,130	2	345,607	3
	NON-OPERATING INCOME AND EXPENSES：				
7100	Interest income	3,752	-	1,551	-
7190	Other income (Note 6 (16))	35,162	-	5,391	-
7050	Financial costs	(38,583)	-	(13,412)	-
7630	Net foreign exchange gain (loss) (Note 6 (17))	142,080	1	30,606	-
7635	Losses on financial assets at fair value through profit or loss	-	-	11	-
7590	Miscellaneous disbursements (Note 6 (16))	(40,329)	-	(4,640)	-
		102,082	1	19,507	-
7900	**BEFORE INCOME TAX**	289,212	3	365,114	3
7950	**TAX EXPENSE** (Note 6 (11))	68,667	1	111,038	1
8200	**PROFIT**	220,545	2	254,076	2
8300	**OTHER COMPREHENSIVE INCOME (LOSS)**				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Note 6 (10))	2,977	-	(564)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss(Note 6 (11))	595	-	(113)	-
		2,382	-	(451)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences arising on translation of foreign operations	18,536	-	(12,996)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		18,536	-	(12,996)	-
8300	**Other comprehensive income (loss)**	20,918	-	(13,447)	-
8500	**TOTAL COMPRHENSIVE INCOME**	**$ 241,463**	**2**	**240,629**	**2**
	PROFIT ATTRUBUTABLE TO:				
8610	Profit attributable to owners of parent	$ 220,606	2	254,076	2
8620	Profit attributable to non-controlling interests	(61)	-	-	-
		$ 220,545	**2**	**254,076**	**2**
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Comprehensive income, attributable to owners of parent	$ 241,524	2	240,629	2
8720	Comprehensive income, attributable to non-controlling interests	(61)	-	-	-
		$ 241,463	**2**	**240,629**	**2**
	EARNINGS PER SHARE (Note 6 (13))				
9750	**Basic earnings per share (NT$)**	**$ 2.75**		**3.16**	
9850	**Diluted earnings per share (NT$)**	**$ 2.71**		**3.13**	

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

Chairman: Shih-Ming Huang **General Manager: Shih-Ming Huang** Accounting Supervisor: **Chien-Yu Lin**

Celxpert Energy Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

	Equity Attributable to owners of the Parent								
			Retained Earnings			Foreign Currency Translation Reserve	Total Equity Attributable to Shareholders of the Parent	Non-controlling Interests	Total Equity
	Share Stock - Ordinary Stock	Capital Surplus	Legal Reserve	Unappropriated retained Earnings	Total				
BALANCE, JANUARY 1, 2021	$ 803,059	640,924	294,869	693,997	988,866	33,331	2,466,180	1	2,466,181
Profit	-	-	-	254,076	254,076	-	254,076	-	254,076
Other comprehensive income (loss)	-	-	-	(451)	(451)	(12,996)	(13,447)	-	(13,447)
Total comprehensive income (loss)	-	-	-	253,625	253,625	(12,996)	240,629	-	240,629
Appropriation and distribution of retained earnings									
Legal reserve appropriated	-	-	30,223	(30,223)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(200,765)	(200,765)	-	(200,765)	-	(200,765)
BALANCE, DECEMBER 31, 2021	803,059	640,924	325,092	716,634	1,041,726	20,335	2,506,044	1	2,506,045
Profit	-	-	-	220,606	220,606	-	220,606	(61)	220,545
Other comprehensive income (loss)	-	-	-	2,382	2,382	18,536	20,918	-	20,918
Total comprehensive income (loss)	-	-	-	222,988	222,988	18,536	241,524	(61)	241,463
Appropriation and distribution of retained earnings									
Legal reserve appropriated	-	-	31,586	(31,586)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(160,612)	(160,612)	-	(160,612)	-	(160,612)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(1,481)	(1,481)	-	(1,481)	1,481	-
Changes in non-controlling interests	-	-	-	-	-	-	-	15,000	15,000
BALANCE, DECEMBER 31, 2022	**$ 803,059**	**640,924**	**356,678**	**745,943**	**1,102,621**	**38,871**	**2,585,475**	**16,421**	**2,601,896**

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

Chairman: Shih-Ming Huang **General Manager: Shih-Ming Huang** Accounting Supervisor: **Chien-Yu Lin**

Celxpert Energy Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021
In Thousands of New Taiwan Dollars

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 289,212	365,114
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation expense	187,117	119,055
Amortization expense	7,331	7,385
Expected credit loss (gain)	(917)	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-	(11)
Interest expense	38,583	13,412
Interest income	(3,752)	(1,551)
Others	(2,113)	6,666
Total adjustments to reconcile profit (loss):	226,249	144,956
Changes in operating assets and liabilities:		
Accounts receivable	1,612,142	(580,846)
Other receivables	7,425	14,695
Inventories	(2,717)	(196,839)
Prepayments	(27,448)	3,640
Other current assets	1,959	(2,540)
Contract liabilities	(11,567)	(8,314)
Notes and accounts payable	(885,629)	(475,773)
Other payables	(11,365)	38,326
Other current liabilities	(62,829)	(97,729)
Net defined benefit liability / asset	(470)	(484)
Total changes in operating assets and liabilities	619,501	(1,305,864)
Cash inflow (outflow) generated from operations	1,134,962	(795,794)
Interest received	3,752	2,442
Interest paid	(35,931)	(13,235)
Income taxes paid	(17,923)	(102,971)
Net cash generated by operating activities	1,084,860	(909,558)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	-	9,126
Acquisitions of property, plant and equipment	(241,159)	(193,176)
Proceeds from disposal of property, plant and equipment	19,426	306
Refundable deposits	4,327	(7,018)
Acquisitions of intangible assets	(1,854)	(8,387)
Acquisitions of right-of-use assets	(786)	-
Other financial assets	(10,687)	-
Others	-	100
Net cash flows from (used in) investing activities	(230,733)	(199,049)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	(595,923)	447,403
Proceeds of long-term loans	450,000	650,000
Repayment of long-term loans	(100,000)	-
Payments of lease liabilities	(8,457)	(6,534)
Cash dividends	(160,612)	(200,765)
Increase (decrease) in non-controlling interests	15,000	-
Net cash used in financing activities	(399,992)	890,104
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	12,828	(11,365)
NET INCREASE IN CASH AND CASH EQUIVALENTS	466,963	(229,868)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	664,044	893,912
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 1,131,007**	**664,044**

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

Chairman: Shih-Ming Huang General Manager: Shih-Ming Huang Accounting Supervisor: **Chien-Yu Lin**

CELXPERT ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1、GENERAL

Celxpert Energy Corporation (the "Company"), a Republic of China (R.O.C.) corporation, was incorporated on November 20, 1997, with the approval of the Ministry of Economic Affairs. The Company is committed to the manufacturing, processing, and sales of the related battery packs and power supply products in the 3C (computer, communication, consumer electronics) industry. The main business operations of the Company and its subsidiaries (hereinafter collectively referred to as the "Consolidated Company") are detailed in Note 4 (3).

2、THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on March 10, 2023.

3、APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as endorsed by the Financial Supervisory Commission ("FSC").

New standards, interpretations and amendments endorsed by the FSC effective from January 1, 2022 are as follows, and have no significant impact to the consolidated financial statements.

- Amendments to IAS 16, "Property, plant and equipment: proceeds before intended use"
- Amendments to IAS 37, "Onerous contracts – cost of fulfilling a contract"
- Annual improvements to IFRS Standards 2018 – 2020
- Amendments to IFRS 3, "Reference to the conceptual framework"

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

New standards, interpretations and amendments endorsed by the FSC effective from January 1, 2023 are as follows, and have no significant impact to the consolidated financial statements.

- Amendments to IAS 1, "Disclosure of accounting policies"
- Amendments to IAS 8, "Definition of accounting estimates"
- Amendments to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"

(3) Effect of IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB that may have impact to the Consolidated Company but not yet endorsed by the FSC as follows:

New, Revised or Amended Standards and Interpretations	Major Content	Effective Date Issued by IASB
Amendments to IAS 1, "Classification of liabilities as current or noncurrent"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. IASB has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments also clarify how a company classifies a liability that can be settled in its own shares (convertible debt).	January 1, 2024
Amendments to IAS 1, "Noncurrent liabilities with covenants"	After reconsidering certain aspects of the 2020 amendments1, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Consolidated 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.

The Consolidated Company does not expect the following new standards, interpretations, and amendments, which have not yet been endorsed by the FSC, to have a significant impact on its consolidated financial statements.

- Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"
- IFRS 17, "Insurance contracts" and Amendments to IFRS 17, "Insurance contracts"
- Amendments to IFRS 17, "Initial application of IFRS 17 and IFRS 9 – comparative Information"
- Amendments to IFRS 16, "Lease liability in a sale and leaseback"

4、SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies adopted in the accompanying consolidated company only financial statements is as follows. Unless otherwise stated, the following accounting policies have been applied consistently to all periods in which the accompanying consolidated financial statements are presented.

(1)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").

(2) Basis of Preparation

1. Basis of evaluation

Except for the following significant items, the consolidated financial statements have been prepared under the historical cost basis:

(1) Financial assets at fair value through profit or loss;

(2) Net defined benefit liabilities (or assets) recognized based on the net amount of pension fund assets less present value of defined benefit obligation, subject to the limits described in Note 4 (16).

2. Functional currency and presentation currency

The functional currency is the currency of the primary economic environment in which the Consolidated Company operates. The consolidated financial statements are presented in the Company's functional currency, New Taiwan Dollars. All financial information presented in NT$ is in thousands of New Taiwan Dollars

(3) Basis of Consolidation

1. The basis for the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Consolidation of subsidiaries begins from the date the Company obtains control of the subsidiaries and ceases when the Company loses control of the subsidiaries. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Consolidated Company.

Changes in the Consolidated Company's ownership interests in subsidiaries that do not result in the Consolidated Company losing control over the subsidiaries are accounted for as equity transactions. 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.

2. The subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2022	Percentage of Ownership December 31, 2021
The Company	Celxpert Holdings Limited (BVI) (CHL)	Overseas holding company	100%	100%
〃	PT. Celxpert Energy Indonesia(Celxpert(Indonesia))	manufacturing, processing, and sales of battery packs and power supply related products.	100%	100%
〃	Keelgo Energy Co., Ltd. (Keelgo Energy，Originally Keelgo Energy Ltd.)	research and development of energy technology and information software.	85.15% (Note 3)	100%
CHL	Advance Smart Industrial Limited (BVI) (ASIL)	Import and export trade	100%	100%
〃	Celxpert Energy (H.K.) Limited (CHK)	Overseas holding company	100%	100%
〃	Celxpert Energy International Limited (SAMOA) (CEIL)	Overseas holding company	100% (註1)	100% (註1)
〃	Creative Power Enterprises Inc. (CPEI)	Overseas holding company	100%	100%
CHK	Celxpert (Kunshan) Energy Co., Ltd. (Celxpert(Kunshan))	Business of producing and selling parts for primary batteries and primary battery packs	100%	100%
CPEI	Celxpert (Nantong) Electronics Co., Ltd.(Celxpert(Nantong))	Business of producing and selling parts for primary batteries and primary battery packs	100%	100% (Note 2)

Note 1：Only the establishment registration has been completed, and the registered capital has not yet been invested.

Note 2：Celxpert (Nantong) was established through CPEI investment in January 2021.

Note 3：Keelgo Energy conducted a cash capital increase in December 2022, and the Company's shareholding ratio decreased from 100% to 85.15% for not subscribing according to the original proportion of ownership. As a result, retained earnings were adjusted and decreased by NT$1,481 thousand.

(4) Foreign Currencies

1. Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rate on the transaction date. At the end of each subsequent reporting period (hereafter referred to as the reporting date), foreign currency monetary items are translated at the rates prevailing at that date into functional currency. Non-monetary foreign currency items measured at fair value are translated into the functional currency using the exchange rate on the day of fair value measurement, while non-monetary foreign currency items measured at historical cost are translated using the exchange rate on the transaction date.

2. Foreign operations

The assets and liabilities of the Company’s foreign operations, including goodwill and fair value adjustments arising from acquisitions, are translated into NT$ using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

When disposing of foreign operations, resulting in loss of control, joint control, or significant influence, all accumulated exchange differences related to the foreign operations are reclassified to profit or loss. Partial disposals that include subsidiaries of foreign operations and the related accumulated exchange differences are proportionately reattributed to non-controlling interests. Partial disposals that include associates r joint ventures of foreign operations, the related accumulated exchange differences are proportionately reclassified to profit or loss.

For monetary receivables or payables of foreign operations, in cases where there is no current settlement plan and not feasible to settle the balance in the foreseeable future, any resulting foreign exchange gain or loss is recognized as part of the net investment of the foreign operations and classified as other comprehensive income.

(5) Classification of Current and Noncurrent Assets and Liabilities

Assets that meet any of the following criteria are classified as current assets, while all other assets that are not classified as current are noncurrent assets:

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
2. Assets held mainly for trading purposes;
3. Assets that are expected to be realized within 12 months from the reporting period; or
4. Cash and cash equivalents, excluding restricted cash and cash equivalents and those to be exchanged or used to settle liabilities more than 12 months after the reporting period.

Liabilities that meet any of the following criteria are classified as current liabilities, while all other liabilities that are not classified as current are noncurrent liabilities:

1. Liabilities that are expected to be settled within the normal operating cycle;
2. Liabilities held mainly for trading purposes;
3. Liabilities that are expected to be settled within 12 months from the reporting period; or
4. Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash consists of cash on hand and demand deposits. Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits and repurchase agreements collateralized by bonds that meet this definition and are held to meet short-term cash commitments rather than investment or other purposes should be reported as cash equivalents.

(7) Financial instruments

Accounts receivables are initially recognized when generated. Financial assets and liabilities shall be recognized when the Consolidated Company becomes a party to the contractual provisions of the instruments. Financial assets measured at fair value through profit or loss (except for excluding the accounts receivable of the significant financing components) or financial liabilities that are originally measured at fair value, are measured by adding the transaction cost directly attributable to the acquisition or issuance to the fair value. Accounts receivable that are not significant financing components are measured at transaction price.

1. Financial Assets

Regular way purchases or sales of financial assets are handled by the Consolidated Company on a trade date basis for which financial assets were classified in the same way.

Financial assets at initial recognition are classified as: Financial assets measured at amortized cost or financial assets measured at fair value through profit or loss. The Consolidated Company only reclassifies all affected financial assets from the first day of the next reporting period when there is a change in the business model for managing financial assets.

(1) Financial assets at amortized cost

Financial assets that meet all of the following criteria and are not designated as fair value through profit or loss are measured at amortized cost:

・Objective of holding financial assets
in order to collect contractual cash flows

・Contractual terms specifying that cash flows are solely payments of principal
and interest on the principal amount outstanding

The cumulative amortization of the asset is calculated using the effective interest rate method based on the initially recognized amount, and any allowance for impairment is adjusted at the amortized cost measured. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Gains or losses are also recognized in profit or loss upon derecognition.

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

Financial assets not measured at amortized cost as described above, are measured at fair value through profit or loss, including derivative financial assets. At initial recognition, the Consolidated Company may irrevocably designate financial assets that meet the conditions for measurement at amortized cost or fair value through other comprehensive income to be measured at fair value through profit or loss to eliminate or significantly reduce accounting mismatches.

Subsequently, these assets are measured at fair value, and their net gains or losses (including any dividend and interest income) are recognized in profit or loss.

(3) Impairment of financial assets

The Consolidated Company recognizes a loss allowance for expected credit loss for financial assets at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, refundable deposits, and other financial assets) and contract assets.

The allowance for the following financial assets is measured based on the expected credit losses in the next twelve months, while the allowance for the remaining financial assets is measured based on the expected credit losses over the asset's lifetime:

・The debt securities are assessed to have low credit risk on the reporting date; and

・The credit risk (the risk of default during the expected remaining term of the financial instruments) of other debt securities and bank deposits has not significantly increased since initial recognition.

The allowance for doubtful accounts and contract assets is measured based on the expected credit loss amount over the remaining term.

The expected credit loss over the remaining term refers to the expected credit loss arising from all possible default events that may occur during the expected remaining term of the financial instrument.

The 12-month expected credit loss refers to the expected credit loss arising from possible default events within 12 months after the reporting date (or a shorter period if the expected remaining term of the financial instrument is less than 12 months).

The maximum period for measuring expected credit loss is the longest contractual period for which the company is exposed to credit risk.

When determining whether credit risk has significantly increased since initial recognition, the Consolidated Company considers reasonable and supportable information (obtainable without undue cost or effort), including qualitative and quantitative information, and analysis based on the company's historical experience, credit rating, and forward-looking information.

If the credit risk rating of financial instruments is equivalent to the globally defined "investment grade" (which refers to the investment grade of BBB by S&P, Baa3 by Moody's, twA by Taiwan Ratings, or higher than these grades), the Consolidated Company regards the credit risk of the debt securities as low.

If the contract amount is overdue for more than 30 days, the Consolidated Company assumes that the credit risk of the financial asset has significantly increased.

If the contract amount is overdue for more than 365 days or the borrower is unlikely to fulfill its credit obligations to pay the full amount to the Consolidated Company, the Consolidated Company regards the financial asset as in default.

The expected credit loss is the probability-weighted estimate of credit loss over the expected remaining term of the financial instrument. Credit loss is measured based on the present value of all cash shortfalls, i.e., the difference between the cash flows that the Consolidated Company is entitled to receive under the contract and the cash flows that the Consolidated Company expects to receive. The expected credit loss is discounted at the effective interest rate of the financial asset.

On each reporting date, the Consolidated Company evaluates whether financial assets measured at amortized cost are credit-impaired. If one or more events have occurred that have a detrimental effect on the estimated future cash flows of the financial asset, the financial asset is credit-impaired. Evidence of credit impairment for financial assets includes observable data related to the following matters:

- Significant financial difficulties of the borrower or issuer;
- Default, such as delays or overdue payments for more than 365 days;
- Concessions are given to the borrower that the Consolidated Company would not have considered otherwise due to financial difficulties related to the borrower;
- The borrower is likely to apply for bankruptcy or undergo another financial restructuring; or
- The active market for the financial asset may disappear due to financial difficulties.

The impairment loss of financial assets measured at amortized cost is deducted from the carrying amount of the asset.

When the Consolidated Company cannot reasonably expect to recover the financial asset as a whole or in part, the total carrying amount of the financial asset is directly reduced. For corporate customers, the Consolidated Company individually analyzes the timing and amount of offsetting based on whether it is reasonable to expect recoverability. The Consolidated Company expects that the amount already offset will not be significantly reversed. However, the financial assets that have been offset can still be enforced to comply with the Consolidated Company's procedures for recovering overdue amounts.

(4) Derecognition of financial assets

The Consolidated Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity, or when it has not transferred nor retained substantially all the risks and rewards of ownership of the financial asset and has not retained control of the financial asset.

If the Consolidated Company retains substantially all risks and rewards of ownership of the financial asset when entering into transaction for the transfer of financial assets, the financial asset shall continue to be recognized on the balance sheet.

2. Financial Liabilities and Equity Instruments

(1) Classification as debt or equity

Debt and equity instruments issued by the Consolidated Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Consolidated Company after deducting all of its liabilities. Equity instruments issued by the Consolidated Company are recognized at the proceeds received, net of direct issue costs.

(3) Treasury stock

When buying back the equity instruments previously recognized by the Company, the consideration paid (including directly attributable costs) is stated at cost and shown as a deduction in equity. The repurchased shares are classified as treasury stock. When treasury stock is subsequently sold or reissued, the amount received is recognized as an increase in equity - any resulting surplus or deficit is recognized as either capital surplus or retained earnings (if the capital surplus is insufficient to offset it).

(4) Financial liabilities

Financial liabilities are subsequently measured at amortized cost using effective interest method. Interest expense and exchange gains or losses are recognized in profit or loss. Any gains or losses arising from derecognition are also recognized in profit or loss.

(5) Derecognition of financial liabilities

The Consolidated Company derecognizes financial liabilities when, and only when, the Consolidated Company's obligations are discharged, cancelled or they expire. If the terms of the financial liabilities are modified and there is a significant difference in the cash flows of the modified liabilities, the original financial liabilities shall be derecognized, and the new financial liabilities shall be recognized at fair value based on the modified terms.

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

(6) Offsetting financial assets and liabilities

Financial assets and liabilities are only offset and presented as net amount on the balance sheet if the Consolidated Company has a legally enforceable right to offset and intends to settle on a net basis or realize the asset and settle liability simultaneously.

(8) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost includes the acquisition, production, or processing and other costs necessary to bring the inventory to its present location and condition and is calculated using the weighted-average method. The cost of finished goods and work in process inventory includes the production overheads allocated based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(9) Property, Plant and Equipment

1. Recognition and measurement

   Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment (including borrowing costs eligible for capitalization).

   When the significant part of the property, plant, and equipment have different useful lives, they are treated as separate items (major part) of the property, plant, and equipment.

   Any gain or loss arising on the disposal of an item of property, plan and equipment is recognized in profit or loss.

2. Subsequent costs

   Subsequent costs are capitalized only when it is probable that future economic benefits associated with the item will flow to the Consolidated Company.

3. Depreciation

   Depreciation is computed so as to write off the cost of the assets less their residual values and recognized in profit or loss over their useful lives using the straight-line method.

   Land is not depreciated.

   The estimated useful lives for current and comparative periods are as follows:

   (1) Buildings and structures: 1 to 31 years

   (2) Machinery and equipment: 1 to 10 years

   (3) Office, transportation equipment and others: 1 to 10 years

   (4) The major components of the factory and equipment are mainly the main building of the factory, electromechanical power equipment, and elevator engineering, and depreciation is provided for each according to its useful life.

   The Consolidated Company reviews its depreciation method, useful lives, and residual values on an annual basis and adjusts them appropriately when necessary.

(十) Leases

At the inception of a contract, the Consolidated Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. Lessee

   At the commencement date, the Consolidated Company recognizes the right-of-use asset and lease liability. The right-of-use asset is measured at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, and accumulating any initial direct costs and the estimated costs in dismantling and removing the underlying asset, and restoring the site on which it is located or restoring the underlying asset, less any lease incentives received.

   After the lease commencement date of the leased asset, depreciation is recognized using the straight-line method over the useful life of the asset, which is either the period from the lease commencement date to the end of the asset's useful life or the lease term, whichever is shorter. In addition, the Consolidated Company assesses regularly whether the leased asset is impaired and recognizes any impairment loss that has occurred and also adjusts the leased asset in the event of a re-measurement of the lease liability.

The lease liability is initially measured at the present value of lease payments not yet paid at the lease commencement date. If the implicit interest rate of the lease is readily determinable, the discount rate is that rate. If not readily determinable, the incremental borrowing rate of the lessee is used. In general, the Consolidated Company uses its incremental borrowing rate as the discount rate.

Lease payments used to measure the lease liability include the following:

(1) Fixed payments, including in-substance fixed payments;

(2) variable lease payments that depend on an index or a rate, using the index or rate at the lease commencement date as the initial measurement;

(3)及amounts expected to be payable by the lessee under residual value guarantees; and

(4) The exercise price or payments of penalties of a purchase option if the lessee is reasonably certain to exercise that option or terminate the lease.

Lease liabilities are subsequently measured using the effective interest method to recognize interest expense, and their amounts are remeasured when any of the following events occur:

(1) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

(2) there is a change in the amounts expected to be payable under a residual value guarantee;

(3) there is a change in the assessment of an option to purchase the underlying asset

(4) Changes in estimates regarding the exercise of renewal or termination of options, resulting in a change to the assessment of the lease term;

(5) Modifications to the subject, scope or other terms of the lease.

The lease liability is remeasured by adjusting the carrying amount of the leased asset when there are changes in the index or rate used to determine lease payments, changes in the residual value guarantee, or changes in the assessment of purchase, extension, or termination options. Any remaining remeasurement amount is recognized in profit or loss when the carrying amount of the leased asset is reduced to zero.

For lease modifications that result in a reduction in the scope of the lease, the carrying amount of the leased asset is reduced to reflect the partial or full termination of the lease, and the difference between this amount and the remeasurement amount of the lease liability is recognized in profit or loss.

For short-term leases of video equipment, the Consolidated Company chooses not to recognize the leased asset and lease liability but instead to recognize the related lease payments as expenses on a straight-line basis over the lease term.

(11) Intangible Assets

1. Recognition and Measurement

Goodwill arising on an acquisition of a subsidiary is carried at cost of the business less accumulated impairment loss.

Research-related expenses are recognized in profit or loss when incurred.

Development expenses are only capitalized when they can be reliably measure, the technical or commercial feasibility of the product or process has been achieved, the future economic benefits are likely to flow to the Consolidated Company, and the Consolidated Company intends and has sufficient resources to complete the development and use or sell the asset. Other development expenses are recognized in profit or loss when incurred. After initial recognition, capitalized development expenses are measured at cost less accumulated amortization and accumulated impairment losses.

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

2. Subsequent expense

Subsequent expenses are capitalized only when they are expected to increase the future economic benefits related to specific assets. All other expenses are recognized in profit or loss when incurred, including goodwill and brand arising from internal development.

3. Amortization

Excluding goodwill, amortization is calculated by deducting the estimated residual value from the asset cost and is recognized in profit or loss using the straight-line method over the estimated useful lives of the intangible assets from the time they are available for use. The amortization period for software costs is 1 to 5 years.

The Consolidated Company reviews the amortization method, useful life, and residual value of intangible assets on an annual basis as of the reporting date and makes appropriate adjustments if necessary.

(12) Impairment of Non-financial Assets

The Consolidated Company assesses the non-financial assets (excluding assets arising from inventories, deferred tax and employee benefits) at each reporting date on whether there is an indication that they are impaired. For any existing indications, the Consolidated Company assesses the recoverable amounts of those assets. Goodwill is subject to impairment testing on a regular basis each year.

For impairment testing purposes, a cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill acquired in a business combination is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the recoverable amount of an asset or cash-generating unit is less than its carrying amount, that reduction is recognized as an impairment loss. An impairment of loss shall be recognized immediately in profit or loss and reduces the carrying amount of each asset in the unit proportionately.

Impairment losses on goodwill cannot be reversed. For non-financial assets other than goodwill, the reversal of impairment losses is limited to the extent that the asset's carrying amount (net of depreciation or amortization) does not exceed the amount that would have been determined had no impairment loss been recognized in prior years.

(13) Provisions

The recognition of the liability reserve is due to past events that have created a present obligation for the Consolidated Company, which makes it probable that the Consolidated Company will be required to use economic resources in the future to settle that obligation, and the amount of the obligation can be estimated reliably.

1. Warranty

The warranty liability reserve is recognized when goods or services are sold and is measured based on historical warranty data and all possible outcomes weighted by their respective probabilities.

(14) Revenue Recognition

1. Revenue from customer contracts

Revenue is measured by the consideration expected to be received in exchange for the transfer of goods. The Consolidated Company recognizes revenue when control of the goods is transferred to the customer and the performance obligation is satisfied. The Consolidated Company’s main revenue streams are as follows:

(1) Sale of goods

The Consolidated Company manufactures battery packs and related power supply products for the 3C industry, which are sold to customers. Revenue is recognized when control over the product has been transferred to the customer. Control of the products is deemed to have transferred when the products are delivered to the customer and the customer has full discretion over the channel and price of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products under the sales contract, or the Consolidated Company has objective evidence that all criteria for acceptance have been satisfied.

The Consolidated Company provides trade discounts to customers. Revenue is recognized based on the net amount of estimated trade discounts deducted from the contract price. The amount of trade discounts is estimated based on the expected value using accumulated historical experience, and revenue is recognized only to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.

The Consolidated Company recognizes accounts receivable upon delivery of goods, as it has an unconditional right to receive consideration at that point in time.

(2) Financial composition

The Consolidated Company expects that the time period for transferring goods or services to customers in all customer contracts does not exceed one year from the time when the customer pays for the goods or services. Therefore, the Consolidated Company does not adjust the time value of money for transaction prices.

(15) Government Grants

Government grants are not recognized until there is reasonable assurance that the Consolidated Company will comply with the conditions attaching to them and that the grants will be received. The deferred income shall then be systematically recognized as non-operating income over the useful life of the asset. Any government grants received to compensate the Consolidated Company for expenses or losses shall be recognized in the income statement over the same period as the related expenses on a systematic basis.

(16) Employee Benefits

1. Defined Contribution Plan

The contribution obligations of the defined contribution plan are recognized as expense in the period when the employee render service.

2. Defined Benefit Plan

The net obligation of the Consolidated Company's defined benefit plans is determined separately for each plan by discounting the future benefit amounts earned by employees in the current or prior periods of service to their present value and deducting any fair value of plan assets.

The defined benefit obligation is annually calculated by an actuary using the projected unit credit method. When the calculation results in a benefit to the Consolidated Company, an asset is recognized only to the extent of the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan. In calculating the present value of economic benefits, the minimum funding requirements are considered.

The remeasurement of the net defined benefit liability includes the impact of actuarial gains and losses, return on plan assets (excluding interest), and any changes in the asset ceiling (excluding interest), which are immediately recognized in other comprehensive income and accumulated in retained earnings. The Consolidated Company determines the net interest expense (income) on the net defined benefit liability (asset) using the beginning-of-the-year net defined benefit liability (asset) and the discount rate. The net interest expense and other expenses of the defined benefit plans are recognized in profit or loss.

When a plan is amended or curtailed, any benefit changes related to prior service cost or curtailment gain or loss are immediately recognized in profit or loss. The Consolidated Company recognizes the settlement gain or loss of the defined benefit plan when it occurs.

3. Short-term employee benefits

Short-term employee benefits are recognized as expense in the period when the employee render service. If the Consolidated Company has a present legal or constructive obligation as a result of past employee services, and the obligation can be reliably estimated, the amount shall be recognized as a liability.

(17) Income Tax

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

The Consolidated Company has determined that the interest or penalties related to income tax (including uncertainty over income tax treatments) do not meet the definition of income tax, therefore, the accounting treatment under IAS 37 is applicable.

Current income tax includes the estimated payable or refundable income tax calculated based on the taxable income (loss) for the current year and any adjustments to the payable or refundable income tax for prior years. The amount reflects the uncertainty related to income tax (if any) and is measured at the best estimate of the amounts expected to be paid or received using the statutory tax rate or the substantively enacted tax rate as of the reporting date.

Deferred income tax is measured and recognized based on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Temporary differences that arise under the following circumstances are not recognized as deferred income tax:

1. Assets or liabilities that are initially recognized in transactions that do not constitute business combinations, and which do not affect accounting profit or taxable income (loss) at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries, associates, and joint ventures that the Consolidated Company can control and it is probable that they will not reverse in the foreseeable future; and
3. The taxable temporary differences arising from the initial recognition of goodwill.

For unused tax losses and unused tax credits available for carryforward, as well as deductible temporary differences, a deferred tax asset shall be recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses, credits, and deductible temporary differences can be utilized. The deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available

The deferred income tax is measured using the tax rate expected to be applied when temporary differences reverse, based on the statutory tax rate or the substantively enacted tax rate at the reporting date, and reflecting any uncertainty related to income taxes (if any).

The Consolidated Company only offsets deferred income tax assets and liabilities when all of the following conditions are met:

1. There is a legally enforceable right to offset current income tax assets and liabilities; and
2. Deferred income tax assets and liabilities are related to income taxes levied by the same tax authority on either;
   (1) the same taxable entity; or
   (2) different taxable entities, but each entity intends to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax assets are expected to be recovered or settled.

The portion of undistributed earnings subject to corporate income tax is recognized as current income tax expense in the period in which the distribution of earnings is approved by the shareholders' meeting in the following year.

(18) Business Combinations

The Consolidated Company adopts the acquisition method for each business combination. Goodwill is measured based on the fair value of the consideration transferred on the acquisition date, including any non-controlling interest attributable to the acquiree, net of the identifiable assets acquired, and liabilities assumed (usually at fair value). If the balance remaining after the deduction is negative, the Consolidated Company reassesses whether it has correctly identified all the assets acquired and all the liabilities assumed before recognizing a bargain purchase gain in profit or loss.

Except for those related to the issuance of debt or equity instruments, all transaction costs related to business combinations should be recognized as expenses in the Consolidated Company when they are incurred.

(19) Earnings Per Share

The basic and diluted earnings per share attributable to ordinary equity holders of the Company are presented. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of outstanding ordinary shares during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary equity holders of the Company and the weighted average number of outstanding ordinary shares for the effects of all potentially dilutive ordinary shares. The Consolidated Company's potential dilutive ordinary shares include employee share-based payment awards that have not been settled by the issuance of shares.

(20) Segment Information

The operating segment is a component of the Consolidated Company engaged in business activities that may generate revenue and incur expenses (including revenue and expenses related to transactions with other components within the Consolidated Company). The operating results of all operating segments are regularly reviewed by the primary operating decision-makers of the consolidated company to make decisions on allocating resources to the segments and to evaluate their performance. Each operating segment has separate financial information.

5、CRITICAL ACCOUNTING JUDGMENTS AND KEY SORUCES OF ESTIMATION AND UNCERTAINTY

In the preparation of the consolidated financial statements, the Consolidated Company is required to make judgments, estimates and assumptions about the reporting amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the Consolidated Company on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

There are no critical accounting judgments in the accounting policies of the Consolidated Company that have significant effect on the recognized amounts in the consolidated financial statements.

The estimated and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and has considered the implications of COVID-19 are addressed below:

Inventory Valuation

Inventory is valued at the lower of cost and net realizable value. The valuation of inventory is primarily based on the assessment of product demand during a specific future period. Therefore, difference in valuation may arise due to industry-specific characteristics. For information regarding the estimation of inventory valuation, please refer to Note 6 (3).

6、CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

		December 31, 2022	December 31, 2021
Petty cash and cash on hand	$	1,437	1,134
Checking accounts and demand deposits		1,029,570	662,910
Time deposits		100,000	-
	$	1,131,007	664,044

On December 31, 2022, a bank fixed deposit with an original maturity of more than three months was reported as other financial assets - current in the amount of NT$10,687 thousand.

The disclosure of the analysis of interest rate risk and sensitivity of financial assets and liabilities of the Consolidated Company is detailed in Note 6 (17).

(2)Notes and accounts receivable

		December 31, 2022	December 31, 2021
Notes and accounts receivable-at amortized cost	$	2,894,074	4,506,216
Less: Loss allowance		(2,983)	(3,900)
	$	2,891,091	4,502,316

The Consolidated Company adopts a simplified approach to estimate expected credit losses for all notes and accounts receivables. Specifically, the Consolidated Company uses the expected credit losses measured over the lifetime of the financial asset for this measurement purpose. For this purpose, these accounts receivable and trade receivables are grouped based on the common credit risk characteristics of the ability of the customers to pay all the amounts due according to the contract terms. The Consolidated Company has taken into account forward-looking information, including historical credit loss experience and reasonable forecasts of future economic conditions, including macroeconomic and related industry information. The analysis of expected credit losses for accounts receivable and trade receivables is as follows:

Credit Rating	December 31, 2022 Gross Accounts Receivable	Weighted Average Expected Credit Loss Rate	Allowance for Expected Credit Losses
A	$ 405,646	0.001%	4
B	194,152	0.005%	10
C	2,097,517	0.100%	2,098
D	196,759	0.443%	871
	$ 2,894,074		2,983

Credit Rating	December 31, 2021 Gross Accounts Receivable	Weighted Average Expected Credit Loss Rate	allowance for Expected Credit Losses
A	$ 1,068,261	0.001%	11
B	321,425	0.005%	16
C	2,977,236	0.100%	2,977
D	139,294	0.643%	896
	$ 4,506,216		3,900

Aging analysis of notes and accounts receivable:

	December 31, 2022	December 31, 2021
Not past due	$ 2,807,918	4,494,781
Past due 1~30 days	56,871	11,435
Past due 31~60 days	29,285	-
	$ 2,894,074	4,506,216

Movements of the loss allowance for notes and accounts receivable:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Balance, beginning of year	$ 3,900	3,900
Provision (Reversal)	(917)	-
Balance, end of year	$ 2,983	3,900

As at December 31, 2022 and 2021, the Consolidated Company has no notes and accounts receivables pledged to others as collateral.

(3)Inventories

	December 31, 2022	December 31, 2021
Raw Materials	$ 840,038	787,992
Work in Process	47,924	61,680
Finished Goods	854,583	890,156
	$ 1,742,545	1,739,828

1. The inventory cost recognized as cost of goods sold and expenses for the years 2022 and 2021 were NT$10,086,781 thousand and NT$12,784,167 thousand, respectively.
2. The impairment losses recognized due to inventory write-down and obsolescence for the years 2022 and 2021 were NT$2,015 thousand and NT$18,763 thousand, respectively. The related inventory cost expenses recognized for unallocated manufacturing overheads for the years 2022 and 2021 were NT$14,024 thousand and NT$0 thousand, respectively. The inventory scrapped losses recognized for the years 2022 and 2021 were NT$203 thousand and NT$1,093 thousand, respectively. All the above gains and losses have been included in the operating cost.
3. As of December 31, 2022, and 2021, the Consolidated Company did not provide any collateral or guarantees using its inventory.

(4) INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

KEELGO ENERGY CO., LTD. (Keelgo Energy), carried out a cash capital increase in December 2022. The Consolidated Company increased its investment amount by NT$ 85,000 thousand and for not subscribing in proportion to its original ownership interest, its shareholding percentage decreased from 100% to 85.15%, and the retained earnings were adjusted and decreased by NT$ 1,481 thousand.

(5) Property, Plant and Equipment

Movements of the cost and depreciation for property, plant and equipment:

	Land	Buildings	Machinery and Equipment	Office, Transportation Equipment and Others	Equipment under Installation and Construction in Progress	Total
Cost:						
Balance at January 1, 2022	$ 46,636	639,820	599,546	126,518	65,557	1,478,077
Additions	-	45,354	72,570	27,451	86,070	231,445
Disposals	-	(60,232)	(55,959)	(36,103)	-	(152,294)
Transfers	-	11,445	88,945	13,133	(44,995)	68,528
Effect of exchange rate changes	-	6,715	3,088	1,300	621	11,724
Balance at December 31, 2022	**$ 46,636**	**643,102**	**708,190**	**132,299**	**107,253**	**1,637,480**
Balance at January 1, 2021	$ 46,636	606,570	520,787	105,595	29,361	1,308,949
Additions	-	35,563	78,114	22,390	74,354	210,421
Disposals	-	(110)	(32,041)	(3,165)	-	(35,316)
Transfers	-	-	33,668	2,054	(38,031)	(2,309)
Effect of exchange rate changes	-	(2,203)	(982)	(356)	(127)	(3,668)
Balance at December 31, 2021	**$ 46,636**	**639,820**	**599,546**	**126,518**	**65,557**	**1,478,077**
Depreciation:						
Balance at January 1, 2022	$ -	399,632	396,021	93,675	-	889,328
Depreciation	-	40,799	115,294	21,418	-	177,511
Disposals	-	(58,833)	(43,152)	(24,670)	-	(126,655)
Effect of exchange rate changes	-	4,678	497	897	-	6,072
Balance at December 31, 2022	**$ -**	**386,276**	**468,660**	**91,320**	**-**	**946,256**

	Land	Buildings	Machinery and Equipment	Office, Transportation Equipment and Others	Equipment under Installation and Construction in Progress	Total
Balance at January 1, 2021	$ -	371,387	354,302	83,779	-	809,468
Depreciation	-	29,793	69,424	12,940	-	112,157
Disposals	-	(80)	(27,348)	(2,764)	-	(30,192)
Effect of exchange rate changes	-	(1,468)	(357)	(280)	-	(2,105)
Balance at December 31, 2021	**$ -**	**399,632**	**396,021**	**93,675**	**-**	**889,328**
Carrying Amounts:						
At December 31, 2022	**$ 46,636**	**256,826**	**239,530**	**40,979**	**107,253**	**691,224**
At January 1, 2021	**$ 46,636**	**235,183**	**166,485**	**21,816**	**29,361**	**499,481**
At December 31, 2021	**$ 46,636**	**240,188**	**203,525**	**32,843**	**65,557**	**588,749**

1. For the year ended December 31, 2021, the Consolidated Company received a government grant of CNY 2,100 thousand for the renovation project of the factory building. The grant was recorded as deferred income (under other non-current liability) and recognized as non-operating income on a systematic basis over the useful life of the asset.
2. As of December 31, 2022 and 2021, the Consolidated Company's property, plant, and equipment were not pledged or provided as collateral.

(6)Right-of-use assets

The detailed changes in the cost and depreciation of leased buildings, construction, and other equipment of the Consolidated Company are as follows:

	Land	Buildings and Structures	Other equipment	Total
Right-of-use assets costs:				
Balance at January 1, 2022	$ 8,334	19,602	4,711	32,647
Additions	-	12,207	2,340	14,547
Subtractions	-	(4,604)	-	(4,604)
Effect of exchange rate changes	130	-	-	130
Balance at December 31, 2022	**$ 8,464**	**27,205**	**7,051**	**42,720**
Balance at January 1, 2021	$ 8,379	6,424	4,516	19,319
Additions	-	17,022	404	17,426
Subtractions	-	(3,081)	(209)	(3,290)
Effect of exchange rate changes	(45)	(763)	-	(808)
Balance at December 31, 2021	**$ 8,334**	**19,602**	**4,711**	**32,647**
Depreciation of right-of-use assets:				
Balance at January 1, 2022	$ 937	4,951	2,580	8,468
Depreciation	318	7,288	2,000	9,606
Subtractions	-	(4,604)	-	(4,604)
Effect of exchange rate changes	13	-	-	13
Balance at December 31, 2022	**$ 1,268**	**7,635**	**4,580**	**13,483**

		Land	Buildings and Structures	Other equipment	Total
Balance at January 1, 2021	$	628	3,732	1,253	5,613
Depreciation		312	5,063	1,523	6,898
Subtractions		-	(3,081)	(196)	(3,277)
Effect of exchange rate changes		(3)	(763)	-	(766)
Balance at December 31, 2021	$	937	4,951	2,580	8,468
Carrying Amount:					
At December 31, 2022	$	7,196	19,570	2,471	29,237
At January 1, 2021	$	7,751	2,692	3,263	13,706
At December 31, 2021	$	7,397	14,651	2,131	24,179

On November 16, 2000, Celxpert (Kunshan) signed a contract with the Land Administration Bureau (LAB) of Kunshan City, Jiangsu Province, the People's Republic of China, to obtain the right to use land. The land use term is from February 15, 2001 to February 15, 2051, a total of 50 years. The total land use transfer fee is NT$14,940 thousand (CNY 3,597 thousand).

(7)Short-term Loans

Details of short-term loans are as follows:

		December 31, 2022	December 31, 2021
Unsecured loans	$	765,400	1,361,323
Credit lines	$	3,150,378	1,472,597
Interest rate		0.75%~5.75%	0.79%~1.48%

As of December 31, 2022, and 2021, the Consolidated Company did not provide any collateral for asset-set mortgage bank loans or financing credit lines.

(8)Long-term Loans

Details of long-term loans are as follows:

		December 31, 2022	December 31, 2021
Unsecured bank loans	$	1,000,000	650,000
Less: Due within 1 year		-	-
Total	$	1,000,000	650,000
Credit lines	$	1,000,000	-
Interest rate		0.9%~2.0%	0.9%~1.2%
Due date		113.3~113.11	112.8~112.11

1.New loans and repayments

The amounts of new loans for the years 2022 and 2021 were NT$450,000 thousand and NT$650,000 thousand, respectively. The amounts of repayments for the years 2022 and 2021 were NT$100,000 thousand and NT$0 thousand, respectively.

2. The Consolidated Company did not provide any assets as collateral for bank loans or financial credits.
3. For information on the Consolidated Company's interest rate and liquidity risks, please refer to Note 6 (17).

(9) Lease Liabilities

The carrying amounts of the lease liabilities of the Consolidated Company are as follows

	December 31, 2022	December 31, 2021
Current	$ 6,869	5,887
Noncurrent	$ 15,287	10,965

Please refer to Note 6 (17) Financial Instruments for maturity analysis.

The amounts of lease recognized in profit or loss are as follows:

	Year Ended December, 31, 2022	Year Ended, December 31, 2021
Interest expense of lease liabilities	$ 202	155
Variable lease payments not included in the measurement of lease liabilities	$ 220	-
Expense of short-term lease	$ 881	864
Expense for low-value assets (excluding low-value leases with terms of 12 months or less)	$ 10	803

The amounts of lease recognized in the cash flow statement are as follows:

	Year Ended December, 31, 2022	Year Ended, December 31, 2021
Total cash outflows for leases	$ 9,770	8,356

2. Lease of buildings and constructions

The Consolidated Company leases buildings and constructions as office spaces and parking lots, with a lease term of 1 to 5 years.

3.Other leases

The Consolidated Company leases office and transportation equipment for 3 to 5 years.
In addition, the Consolidated Company leases office and video equipment for less than 1 year, which are short-term leases. The Consolidated Company has elected to apply the exemption recognition rules and not recognize the related right-of-use assets and lease liabilities.

(10)Employ Benefit

1.Defined benefit plan

The present value of defined benefit obligations and fair value of plan assets of the Company is adjusted as the follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ (8,287)	(11,090)
Fair value of plan assets	9,800	9,156
Net defined benefit asset (liability)	$ 1,513	(1,934)

The defined benefit plan of the Company is allocated to the Labor Retirement Reserve Fund Account of the Bank of Taiwan. Under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

(1)Composition of Plan Assets

The retirement fund provided by the Company is according to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Labor Fund Bureau"), concerning the utilization of the fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

As of the reporting date, the balance of the Company's Labor Retirement Reserve Account of the Bank of Taiwan is NT$9,800 thousand. Information on the labor retirement fund's asset utilization, including fund yield and asset allocation, can be found on the website of the Labor Fund Bureau.

(2) Movements in the present values of the defined benefit obligation

Movements in the present values of the defined benefit obligation for the years 2022 and 2021 were as follows:

		Year Ended December 31, 2022	Year Ended December 31, 2021
Defined benefit obligation, beginning of year	$	(11,090)	(10,370)
Current service cost and interest		(77)	(48)
Remeasurement of net defined benefit asset (liability)		2,285	(672)
Benefits paid from plan assets		595	-
Defined benefit obligation, end of year	$	(8,287)	(11,090)

(3)Movements in the fair value of the plan assets

Movements in the fair value of the plan assets were as follows:

		Year Ended December 31, 2022	Year Ended December 31, 2021
Fair value of the plan assets, beginning of year	$	9,156	8,516
Expected return on plan assets		65	41
Remeasurement of net defined benefit asset (liability)		692	108
Contributions to the plan		482	491
Benefits paid from plan assets		(595)	-
Fair value of the plan assets, end of year	$	9,800	9,156

(4)Expenses recognized in profit or loss

Expenses recognized in profit or loss for the years 2022 and 2021 were as follows:

		Year Ended December 31, 2022	Year Ended December 31, 2021
Net interest of the net defined benefit asset (liability)	$	12	7
Cost of revenue	$	3	107
Marketing expenses		3	116
General and administrative expenses		2	(382)
Research and development expenses		4	166
	$	12	7

(5) Remeasurement of components recognized in other comprehensive income of the net defined benefit asset (liability)

Remeasurement of components recognized in other comprehensive income of the net defined benefit asset (liability) for the years 2022 and 2021 were as follows:

		Year Ended December 31, 2022	Year Ended December 31, 2021
Accumulated balance, beginning of year	$	(6,534)	(5,970)
Recognition in the current period		2,977	(564)
Accumulated balance, end of year	$	(3,557)	(6,534)

(6)Actuarial Assumptions

The significant actuarial assumptions used by the Company in determining the present value of the defined benefit obligation were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.29%	0.69%
Future salary increases	1.50%	1.50%

The Company expects to pay a provisioned amount of NT$467 thousand New Taiwan Dollars to the defined benefit plan within one year from the reporting date of the year ended December 31, 2022.

The weighted average duration of the defined benefit obligation is 3 years.

(7)Sensitivity Analysis

The impact of changes in the main actuarial assumptions used as of December 31, 2022, and 2021 on the present value of the defined benefit obligation was as follows:

		Effects on Defined Benefit Obligations	
		Increase by 0.25%	Decrease by 0.25%
December 31, 2022			
Discount rate	$	(133)	136
Future salary increases		115	(113)
December 31, 2021			
Discount rate		(183)	188
Future salary increases		158	(155)

The above sensitivity analysis analyzes the impact of a single assumption change, while other assumptions remain unchanged. In practice, changes in many assumptions may be interrelated. The sensitivity analysis is consistent with the method used to calculate the net retirement benefit liability in the balance sheet.

The method and assumptions used for the sensitivity analysis prepared for the current period are the same as those used in the previous period.

2.Defined Contribution Plan

The defined contribution plan of the Company and its domestic subsidiaries is in accordance with the Labor Pension Act, which requires a contribution rate of 6% of the employee's monthly salary to be deposited into the individual labor pension account held by the Bureau of Labor Insurance. Under this plan, after the Company and its domestic subsidiaries make fixed contributions to the Bureau of Labor Insurance, there is no further statutory or presumed obligation to pay any additional amounts.

The pension expenses for the years 2022 and 2021 under the defined contribution plan of the Company and its domestic subsidiaries are NT$13,836 thousand and NT$13,220 thousand, respectively, and have been contributed to the Bureau of Labor Insurance.

3. Other subsidiaries included in the consolidated financial statements

The pension expenses and the basic pension benefits recognized for the years 2022 and 2021 amounted to NT$18,703 thousand and NT$15,439 thousand, respectively.

(11)Income Tax

1.Income Tax Expense

(1) Income tax expense for the years ended December 31, 2022 and 2021 is as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Current income tax expense		
Current income tax expense recognized in the current year	$ 100,003	86,115
Income tax expense on undistributed surplus earnings	3,071	5,251
Income tax adjustments on prior years	(1,999)	18,600
	101,075	109,966
Deferred income tax expense (benefit)		
The origination and reversal of temporary differences	(32,408)	1,072
Income tax expense	**$ 68,667**	**111,038**

(2) Income tax expense relating to components of other comprehensive income for the years ended December 31, 2022 and 2021 is as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Items not reclassified in profit or loss:		
Remeasurement of defined benefit plan	**$ 595**	**(113)**

(3) Reconciliation of income before income tax and income tax expense recognized in profit or loss for the years ended December 31, 2022 and 2021 is as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Income before tax	$ 289,212	365,114
Income tax at the statutory rate of each consolidated entity	$ 58,104	70,130
Net gains or losses from domestic investments recognized under equity method	(54)	5,018
Estimation over prior period	(1,999)	18,600
Changes in unrecognized temporary differences	15,905	6,981
current period tax losses on unrecognized deferred tax assets	-	5,021
Recognition of prior period unrecognized tax losses	(79)	-
Tax on undistributed surplus earnings	3,071	5,251
Impairment losses on domestic investees	(10,590)	-
Nondeductible expenses and others	4,309	37
	$ 68,667	111,038

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred tax assets (liabilities)

Items not recognized as deferred tax assets by the Consolidated Company are as follows:

A. The Consolidated Company has evaluated that some temporary differences are not very likely to be realized through income tax deduction, so they have not been recognized as deferred tax assets. In addition, tax losses are deducted from the net profit of the current year in accordance with the provisions of the tax law, and then the income tax is assessed after being verified by the tax authorities for the previous ten years of losses. These items have not been recognized as deferred tax assets because the consolidated company is not very likely to have sufficient taxable income to utilize the tax losses in the future.

	December 31, 2022	December 31, 2021
Temporary differences eligible for deduction	$ 69	32
Tax losses	11,638	12,220
	$ 11,707	12,252

As of December 31, 2022, the carryforward periods of the Consolidated Company's tax losses (including recognized and unrecognized ones) for each fiscal year are as follows:

Fiscal year of losses	Unutilized Losses	Last fiscal year for utilization
Keelgo Energy：		
Year Ended December 31, 2018(verified)	$ 476	Year Ended December 31, 2028
Year Ended December 31, 2019(verified)	13,423	Year Ended December 31, 2028
Year Ended December 31, 2020(verified)	21,704	Year Ended December 31, 2028
Year Ended December 31, 2021(reported)	22,585	Year Ended December 31, 2028
Total	$ 58,188	

B. As of December 31, 2021, and 2022, temporary differences related to investment in subsidiaries are not recognized as deferred tax assets (liabilities) because the Consolidated Company controls the timing of the reversal of these temporary differences and it is expected that they will not be reversed in the foreseeable future. The related amounts are as follows:

	December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investment in subsidiaries	$ 312,800	233,460
Amount not recognized as deferred income tax assets (liabilities)	$ 62,561	46,693

(2) Recognized deferred income tax assets and liabilities

Movements of the deferred income tax assets and liabilities for the years ended December 31, 2022 and 2021 is as follows:

	Defined Benefit Plan	Foreign Investment Gains Recognized Under Equity Method	Unrealized Exchange Gains and Others	Total
Deferred income tax liabilities:				
Balance at January 1, 2022	$ 444	-	17,755	18,199
Debit/(Credit) profit or loss	94	-	(17,755)	(17,661)
Balance at December 31, 2022	$ 538	-	-	538
Balance at January 1, 2021	$ 347	7,679	5,539	13,565
	97	(7,679)	12,216	4,634
Balance at December 31, 2021	$ 444	-	17,755	18,199

	Inventory Depreciation and Obsolescence	Unrealized Exchange Losses and Others	Total
Deferred income tax assets:			
Balance at January 1, 2022	$ 30,339	2,746	33,085
(Debit)/Credit profit or loss	403	14,344	14,747
(Debit)/Credit other comprehensive income	-	(595)	(595)
Balance at December 31, 2022	$ 30,742	16,495	47,237
Balance at January 1, 2022	$ 26,586	2,824	29,410
(Debit)/Credit profit or loss	3,753	(191)	3,562
(Debit)/Credit other comprehensive income	-	113	113
Balance at December 31, 2021	$ 30,339	2,746	33,085

3. The income tax of the Consolidated Company shall be reported separately by each entity according to the laws of the respective registering countries and cannot be consolidated for reporting purposes.
4. The income tax settlement and declaration for the Company and Keelgo Energy have been reviewed and confirmed by the tax authorities up to the year ended December 31, 2020.

(12)Capital and Other Equities

1.Capital Stock

As of December 31, 2022 and 2021, the total authorized capital of the Company was both NT$1,500,000 thousand with par value of NT$10 per share, totaling 150,000 thousand shares. The issued shares amounted to 80,306 thousand shares and all the subscription fees for the issued shares have been collected.

2.Capital Surplus

The contents of the Company's capital surplus are as follows:

	December 31, 2022	December 31, 2021
Additional paid-in capital	$ 592,400	592,400
Capital surplus generated from the redemption of convertible bonds – treasury stock	46	46
Capital surplus from the recognition of equity items related to the creditors' demand for the buyback of convertible bonds	48,478	48,478
	$ 640,924	640,924

Under the Company Act, capital surplus shall be used to offset losses before any distribution can be made to shareholders in proportion to their original shareholding in the form of new shares or cash. The realized capital surplus referred to in the preceding paragraph includes the surplus obtained from the issuance of shares at a premium over their par value and the surplus obtained from receiving gifts. According to the guidelines for the handling of the issuance and offering of securities by issuers, capital surplus may be allocated for capital replenishment, and the total amount allocated annually shall not exceed 10% of the paid-in capital.

The capital surplus recognized as an equity item due to the issuance of convertible bonds by the Company is not included in the capital surplus items stipulated in Article 241 of the Company Act and cannot be used for capital increase according to law.

As of December 31, 2021, and 2022, the realized capital surplus that can be distributed by the Company in the form of new shares or cash, under Article 241 of the Company Act, is NT$592,400 thousand.

3.Retained Earnings

In accordance with the Company's Articles of Incorporation, if there are earnings in the annual financial statements of the Company, the Director's remuneration and employee benefits shall be provided for first before tax, and after being approved for distribution by the Board of Directors, the legal taxes and donations shall be paid, and then set aside a legal capital reserve at 10% of the remaining earnings. However, if the accumulated legal capital reserve equals the Company's paid-in capital, this limit shall not apply. In addition, a special surplus reserve of the same amount as the reduction in shareholders' equity items that occurred in the current year shall be allocated. When the reduction in shareholders' equity items is reversed, a portion of it may be transferred to the current year's earning distribution. If there are still earnings, along with undistributed earnings accumulated from the previous year, the Board of Directors shall prepare a proposal for profit distribution, and when issuing new shares, it shall be submitted to the shareholders' meeting for approval of distribution.

According to the provision in Article 240, paragraph 5 of the Company Act, the Board of Directors of the Company is authorized to distribute dividends and bonuses, or all or part of the statutory retained earnings and capital surplus specified in Article 241, paragraph 1 of the Company Act, through cash distribution, subject to a resolution passed by a two-thirds or more attendance of the directors and a majority of the attending directors, and to report to the shareholders' meeting.

The industry to which the Company belongs is currently in a growth stage. The dividend distribution policy should take into account factors such as the Company's current and future investment environment, capital requirements, domestic and international competition, and capital budgeting, while considering shareholder interests, balancing dividends, and the Company's long-term financial planning. The Board of Directors shall formulate a distribution proposal each year under the law and submit it to the shareholders' meeting. The Company may consider factors such as financial, business, and operational performance when determining the dividend distribution. If the Company has earnings available for distribution in the current year, the general principle is to allocate an amount not less than 30% of the after-tax net profit of the current year for dividends, and the cash dividends to be distributed are expected to account for at least 50% of the dividends payable to shareholders.

(1) Legal Capital Reserve

If the Company incurs no loss, the legal capital reserve may be distributed as dividends in cash or stocks provided that the amount distributed from such earnings shall not exceed 25% of the paid-in capital with the resolution of the shareholders' meeting.

(2)Special Capital Reserve

The Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity. The Company shall also add the amount of current period undistributed profits after tax plus other items after tax included in the current year to the undistributed earnings of the current period and the prior period and appropriate it to the special capital reserve. If there is a reduction in other equity of the prior period accumulated by shareholders, it cannot be distributed from the appropriation of special surplus reserves for undistributed earnings of the prior period. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

(3)Earnings Distribution

The Company resolved on March 4, 2022, and March 12, 2021, respectively, by the Board of Directors, the cash dividend amounts for the earnings distribution of the years 2021 and 2020. The amounts for other earnings distribution items of the years 2021 and 2020, which relate to the distribution of dividends to shareholders, were approved respectively by the Shareholders' Meeting on June 15, 2022, and July 5, 2021. The amounts of the dividends distributed to shareholders are as follows:

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Dividend Rate (NT$)	**Amount**	**Dividend Rate (NT$)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash Dividends	$ 2.0	160,612	2.5	200,765

The appropriations of 2022 earnings have been approved by the Company's Board of Directors in its meeting on March 10, 2023. The amounts of the dividends distributed to shareholders are as follows:

	Year Ended December 31, 2022	
	Dividend Rate (NT$	**Amount**
Dividends distributed to ordinary shareholders:		
Cash Dividends	$ 1.5	120,459

Information about the appropriation of earnings can be obtained through channels such as the Market Observation Post System website.

(13)Earnings Per Share

1.Basic EPS

The basic earnings per share of the Consolidated Company for the years 2022 and 2021 were calculated based on the net income available to the Company's common equity holders and the weighted average number of outstanding common shares. The relevant calculations are as follows:

(1) Net income available to common shareholders of the parent

	Year Ended December 31, 2022	Year Ended December 31, 2021
Net income for the period available to common shareholders of the parent	$ 220,606	254,076

(2) Weighted average number of common shares outstanding (in thousands)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Weighted average number of common shares outstanding (in thousands)	80,306	80,306

	Year Ended December 31, 2022	Year Ended December 31, 2021
(3) Basic EPS (in dollars)	$ 2.75	3.16

2.Diluted EPS

The diluted earnings per share for the years 2022 and 2021 are calculated based on the net income available to the ordinary equity holders of the Company, adjusted for the dilutive effect of all potential ordinary shares, using the weighted average number of ordinary shares outstanding during the period. The relevant calculations are as follows:

(1) Net income available to common shareholders of the parent (diluted)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Net income available to common shareholders of the parent (diluted)	$ 220,606	254,076

(2)Weighted average number of common shares outstanding (Diluted) (in thousands)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Weighted average number of common shares outstanding (Basic)	80,306	80,306
Employees' stock compensation	1,130	857
Weighted average number of common shares outstanding (Diluted)	81,436	81,163

	Year Ended December 31, 2022	Year Ended December 31, 2021
(3)Diluted EPS (in dollars)	$ 2.71	3.13

(14)Revenue from contracts with customers

1.Disaggregation of revenue

		Year Ended December 31, 2022	Year Ended December 31, 2021
Main Regional Markets:			
Taiwan	$	1,689,343	2,728,886
Mainland China		8,559,378	10,065,270
Other Countries		850,869	1,160,005
	$	11,099,590	13,954,161
Main Products:			
Lithium-Ion Battery Packs	$	11,032,468	13,879,351
Others		67,122	74,810
	$	11,099,590	13,954,161

2.Contract balances

		December 31, 2022	December 31, 2021	December 31, 2020
Accounts receivable	$	2,894,074	4,506,216	3,925,370
Less: Loss allowance		(2,983)	(3,900)	(3,900)
	$	2,891,091	4,502,316	3,921,470
Contract liabilities—Advance receipts	$	31,300	42,867	51,181

For the disclosure of accounts receivable and their impairments, please refer to Note 6 (2).

The Company recognized revenue from the beginning balance of contract liability, which amounted to NT$31,774 thousand and NT$27,119 thousand for the years ended December 31, 2022 and 2021, respectively.

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation when transferring goods or services to customers and the customer's payment.

(15) Profit sharing bonus to employees and compensation to directors

According to the Company's Articles of Incorporation, the Company shall allocate profit-sharing bonuses to employees of the Company and compensation to directors between 3% and 12% and not more than 3% of annual profits during the period, respectively. When the company still has accumulated losses, it should reserve the amount for compensation in advance. The recipients of the aforementioned employee profit-sharing bonuses in the form of stocks or cash may include employees of controlling or subsidiary companies who meet certain conditions, and the conditions and distribution methods are determined by the authorized board of directors.

The estimated amounts of the Company's profit-sharing bonus to employees for the years 2022 and 2021 were NT$32,908 thousand and NT$30,897 thousand, respectively. The estimated amounts of the Company's compensation to directors for the years 2022 and 2021 were NT$7,372 thousand and NT$7,724 thousand, respectively. These estimates were based on the percentage of employee and director compensation specified in the Company's Articles of Incorporation, calculated by multiplying the pre-tax net profit for each respective period by the specified percentage. These estimated amounts are included in the operating expenses for the years 2022 and 2021.

The amount of employee and director remuneration distributed as per the aforementioned board resolution does not differ from the estimated amount recorded in the Company's consolidated financial statements for the years ended December 31, 2022, and 2021.

Relevant information can be found on the Market Observation Post System website.

(16)Other Income and Expenses

1. The details of other income of the Consolidated Company for the years 2022 and 2021 are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Sales of obsolete materials	$ 19,673	-
Write-off of overdue payable gains	9,010	-
Others	6,479	5,391
	$ 35,162	5,391

2. The details of other expenses of the Consolidated Company for the years 2022 and 2021 are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Compensation loss	$ 35,976	-
Others	4,353	4,640
	$ 40,329	4,640

(17)Financial instruments

1.Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit risk exposure.

(2)Concentration of credit risk

The Consolidated Company's customers are concentrated in the large high-tech computer industry customer group. To reduce credit risk from accounts receivable, the Consolidated Company continuously evaluates the financial condition of its customers and may request collateral or guarantees if necessary. The Consolidated Company also regularly evaluates the possibility of recovering accounts receivable and sets aside allowances for impairment losses, with the total impairment losses within the expectations of the management. As of December 31, 2022, and 2021, 79% and 82% of the accounts receivable balance, respectively, were from two major customers, resulting in a significant concentration of credit risk for the Consolidated Company.

(3) Credit risk of accounts receivable and debt securities

For information on credit risk exposure of notes and accounts receivables, please refer to Note 6 (2).

Financial assets measured at amortized cost, including other receivables and fixed-term deposits, are low-credit-risk financial assets. Therefore, the provision for expected credit losses for the period is measured based on a 12-month expected credit loss (For an explanation of how the Consolidated Company determines low credit risk, please refer to Note 4 (7)).

The bank deposits and fixed-income investments held by the Consolidated Company have counterparties and obligors which are banks with good creditworthiness and financial institutions with investment-grade or higher credit ratings, therefore, considered as low credit risk.

Movements in loss allowances as of December 31, 2022, and 2021 for other receivables are as follows:

	Other Receivables	
	Year Ended December 31, 2022	Year Ended December 31, 2021
End balance (i.e., beginning balance)	$ 2,261	2,261

2.Liquidity risk

The following table shows the maturity dates of financial liabilities, including the impact of estimated interest.

	Contract Cash Flow	Less than 1 Year	Between 1 – 5 Years
December 31, 2022			
Non-derivative financial liabilities:			
Short-term loans	$ (773,549)	(773,549)	-
Accounts payable	(1,623,636)	(1,623,636)	-
Other payables	(344,332)	(344,332)	-
Lease liabilities (including portions due within 1 year)	(22,873)	(7,141)	(15,732)
Long-term loans	(1,034,467)	(19,056)	(1,015,411)
	$ (3,798,857)	(2,767,714)	(1,031,143)
December 31, 2021			
Non-derivative financial liabilities:			
Short-term loans	$ (1,364,401)	(1,364,401)	-
Accounts payable	(2,509,265)	(2,509,265)	-
Other payables	(362,759)	(362,759)	-
Lease liabilities (including portions due within 1 year)	(17,209)	(6,041)	(11,168)
Long-term loans	(662,045)	(6,741)	(655,304)
	$ (4,915,679)	(4,249,207)	(666,472)

The Consolidated Company does not anticipate that the cash flows analyzed based on the maturity date will occur significantly earlier, or that the actual amount will differ significantly

3.Foreign currency risk

(1)Foreign currency risk exposure

The information on the Consolidated Company's assets and liabilities that are exposed in foreign currency risks:

	December 31, 2022			December 31, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets						
Monetary items						
U.S. Dollars	$ 102,221	USD/NTD =30.71	3,139,207	171,598	USD/NTD =27.68	4,749,833
U.S. Dollars	542	USD/NTD =6.9669	16,645	10,608	USD/CNY =6.372	293,629
Chinese Yuan	271	CNY/NTD =4.408	1,195	206	CNY/NTD =4.344	895
Financial liabilities						
U.S. Dollars	79,630	USD/NTD =30.71	2,445,437	113,794	USD/NTD =27.68	3,149,818
U.S. Dollars	4,243	USD/CNY =6.9669	130,303	4,144	USD/CNY =6.372	114,706

(2)Sensitivity Analysis

The foreign exchange risk of the Consolidated Company's monetary items mainly arises from cash and cash equivalents, accounts receivable, other receivables, notes and accounts payable, and other payables denominated in foreign currencies, which generate foreign exchange gains or losses when converted. Assuming that, as of December 31, 2022, the exchange rate of the New Taiwan Dollar relative to the US Dollar and Chinese Yuan depreciates or appreciates by 5% while all other factors remain unchanged, the impact on the Company's profit before tax for the year 2022 and 2021 is as follows. The analysis for both periods is based on the same assumptions.

	Year Ended December 31, 2022	Year Ended December 31, 2021
USD (relative to NTD)		
Appreciates by 5%	$ 34,689	80,001
Depreciates by 5%	(34,689)	(80,001)
USD (relative to CNY)		
Appreciates by 5%	(5,683)	8,946
Depreciates by 5%	5,683	(8,946)
CNY (relative to NTD)		
Appreciates by 5%	60	45
Depreciates by 5%	(60)	(45)

(3)Exchange (loss) gain of monetary items

The exchange (loss) gain of monetary items of the Consolidated Company (including realized and unrealized) is translated into the amount in the functional currency and the exchange rate information for translating to the functional currency of the parent company, NT dollar (i.e. the currency expressed in the consolidated company's financial statements), is as follows:

	2022		2021	
	Exchange (loss) gain (Foreign currency in thousands)	Average Exchange Rate	Exchange (loss) gain (Foreign currency in thousands)	Average Exchange Rate
NT Dollar	143,840	-	35,344	-
Chinese Yuan	(398)	CNY/NTD =4.4219	(1,360)	CNY/NTD=4.3413
U.S. Dollar	-	USD/NTD =29.8044	42	USD/NTD =28.0088

4.Interest Rate Analysis

The details of the Consolidated Company's financial assets and liabilities exposed to interest rate risk are as follows:

	Carrying Amount	
	December 31, 2022	December 31, 2021
Fixed rate instruments:		
Financial assets	$ 110,687	-
Financial liabilities	(211,758)	(240,000)
	$ (101,071)	(240,000)

Variable rate instruments:			
Financial assets	$	1,029,102	662,446
Financial liabilities		(1,553,642)	(1,771,323)
	$	(524,540)	(1,108,877)

The interest rate risk of the Consolidated Company's financial assets and liabilities is explained in the liquidity risk management section of the attached notes.

The interest rate risk of the Consolidated Company's financial assets and liabilities is explained in the liquidity risk management section of the attached notes. The sensitivity analysis below is determined based on non-derivative instruments' interest rate risk as of the reporting date. For floating rate assets and liabilities, the analysis assumes that the amount of outstanding liabilities on the reporting date remains outstanding for the entire year. The fluctuation range of interest rates is evaluated by the Consolidated Company's management using a 0.25% increase or decrease in the rate, which represents a reasonable range of possible interest rate changes.

Assuming that the interest rate increases or decreases by 0.25% and all other variables remain constant, our profit before tax for the year 2022 and 2021 will decrease or increase by NT$1,372 thousand and NT$3,191 thousand, respectively, as primarily due to the Consolidated Company's current deposits and bank loans of variable rate.

5.Fair Value

(1)Types of financial instruments and fair value

The financial assets and liabilities of the Consolidated Company measured at fair value through profit or loss are based on recurring fair value measurements. The carrying amounts and fair values of various types of financial assets and financial liabilities (including fair value hierarchy information, but not for financial instruments that are not measured at fair value whose carrying amount is a reasonable approximation of fair value, and lease liabilities that are not required to disclose fair value information in accordance with regulations) are presented as follows:

	December 31 ,202				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 2	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,131,007	-	-	-	-
Accounts receivable, net	2,891,091	-	-	-	-
Other receivables	4,564	-	-	-	-
Guarantee deposits paid	18,165	-	-	-	-
Other financial assets-current	10,687	-	-	-	-
	$ 4,055,514				
Financial liabilities measured at amortized cost					
Short-term loans	$ 765,400	-	-	-	-
Account Payable	1,623,636	-	-	-	-
Other payables	344,332	-	-	-	-
Lease liabilities (including portions due within 1 year)	22,156	-	-	-	-
Long-term loans	1,000,000	-	-	-	-
	$ 3,755,524				

	December 31, 2021				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 664,044	-	-	-	-
Accounts receivable, net	4,502,316	-	-	-	-
Other receivables	11,989	-	-	-	-
Guarantee deposits paid	22,492	-	-	-	-
	$ 5,200,841				
Financial liabilities measured at amortized cost					
Short-term loans	$ 1,361,323	-	-	-	-
Accounts payable	2,509,265	-	-	-	-
Other payables	362,759	-	-	-	-
Lease liabilities (including portions due within 1 year)	16,852	-	-	-	-
Long-term loans	650,000	-	-	-	-
	$ 4,900,199				

(2) Valuation techniques and assumptions used in financial instruments fair value measurement

A. Non-derivative financial instruments

For financial instruments that have an active market and a publicly quoted price, their fair value is determined using the publicly quoted price on the active market. The market price announced by the Central Government Securities Centralized Trading System for major exchanges and bonds judged as popular securities is the basis for the fair value of listed (OTC) equity instruments and debt instruments with publicly quoted prices.

B. The fair value of derivative instruments is measured using publicly quoted prices. When a publicly quoted price cannot be obtained, an estimation method is used, and the estimation and assumptions used, as well as the discount rate used, are based on quotation information from financial institutions.

C. The fair value of other financial assets and financial liabilities, excluding those mentioned above, is determined using a generally accepted pricing model based on discounted cash flow analysis.

(3) There were no transfers between fair value hierarchy levels for the years ended December 31, 2022 and 2021.

(18)Financial Risk Management

1.Summary

The Consolidated Company is exposed to the following risks due to the use of financial instruments:

(1)Credit risk

(2)Liquidity risk

(3)Market risk

This note expresses the disclosure information of the Consolidated Company's exposure to the above risks, as well as the Consolidated Company's objectives, policies, and procedures for measuring and managing risks. For further quantitative disclosures, please refer to the respective notes in the consolidated financial statements.

2. Risk Management Framework

The Consolidated Company's financial management department provides services to each business unit, coordinating and managing the Consolidated Company's financial risks related to its operations in the domestic and international financial markets by supervising and managing internal risk reports analyzing the severity and breadth of exposure. The Consolidated Company avoids risks through natural hedging to mitigate the impact of these risks. The use of financial instruments is governed by policies approved by the Consolidated Company's Board of Directors, including written principles for the use of foreign exchange risk, interest rate risk, credit risk, non-derivative financial instruments, and investment of residual liquidity. Internal auditors continuously review compliance with policies and exposure limits. The Company does not engage in financial instrument transactions for speculative purposes.

3.Credit Risk

Credit risk refers to the risk of financial loss that the Consolidated Company may incur as a result of a counterparty's failure to fulfill contractual obligations in transactions with customers or financial instruments. It mainly arises from the Consolidated Company's accounts receivable and bond investments.

(1) Accounts receivable and other receivables

The Consolidated Company has established a credit policy that requires individual credit analysis of each new customer based on credit ratings before granting standard payment and shipping conditions and terms. The Consolidated Company's review includes, where available, external ratings and, in some cases, bank inquiries. Purchasing limits are established for each customer and represent the maximum outstanding amount that does not require approval from the general manager. These limits are regularly reviewed. Customers who do not meet the Consolidated Company's credit rating standards may only transact with the company on a prepayment basis.

The Consolidated Company's credit risk exposure is mainly affected by the individual circumstances of each customer. However, the management also considers statistical data on the Consolidated Company's customer base, including the default risk of customers' industries and countries, which may also affect credit risk. The Consolidated Company's customers are primarily in the broad high-tech computer industry customer group. To reduce credit risk from accounts receivable, the Consolidated Company continues to evaluate customers' financial conditions and may require collateral or guarantees as necessary. The Consolidated Company also regularly assesses the likelihood of collecting accounts receivable and sets aside provisions for losses, with impairment losses always within the management's expectations.

When monitoring credit risk, customers are grouped based on their credit characteristics, including whether they are individuals or corporate entities; whether they are dealers, retailers, or end customers; geographic regions, industries, account ages, due dates, and past financial difficulties. Customers assessed as high-risk are classified in a restricted customer list, and future sales with such customers must be made on a prepayment basis.

The Consolidated Company has established an allowance for doubtful accounts to reflect estimates of losses already incurred on accounts receivable and other receivables and investments. The allowance account mainly consists of specific loss components related to individual significant defaults and group loss components established for losses already incurred but not yet identified for similar asset groups. Group loss allowance accounts are determined based on historical payment statistics for similar financial assets.

(2)Investments

Bank deposits and fixed income investments are measured and monitored by the Consolidated Company's finance department. Because the Consolidated Company's counterparties and performance parties are banks with good credit and financial institutions with investment grade or higher, with no significant performance concerns, there is no significant credit risk.

(3)Guarantee

The Consolidated Company policy stipulates that financial guarantees can only be provided to subsidiaries. As of December 31, 2022, and 2021, the Consolidated Company's information on guarantees provided to subsidiaries is detailed in Note 13 (1).

4.Liquidity Risk

Liquidity risk refers to the risk that the Consolidated Company may be unable to meet its financial obligations by delivering cash or other financial assets, thus failing to fulfill its related obligations.

The Consolidated Company manages and maintains sufficient cash and cash equivalents to support its operations and reduce the impact of cash flow fluctuations. The Consolidated Company's management supervises the use of bank financing facilities and ensures compliance with loan contract terms.

Bank loans are an important source of liquidity for the Consolidated Company. The unused bank financing facilities as of December 31, 2022, and 2021 are detailed in Notes 6 (7) and 6 (8), respectively.

5.Market Risk

Market risk refers to the risk that the Company's earnings or the value of its financial instruments may be affected by changes in market prices, such as exchange rates, interest rates, and equity prices. The objective of market risk management is to control the degree of market risk within acceptable limits and optimize investment returns.

(1)Foreign Exchange Rate Risk

The Consolidated Company is exposed to foreign exchange rate risk arising from sales, purchases, and borrowing transactions denominated in currencies other than the Consolidated Company's functional currency. The Consolidated Company's functional currency is mainly in NT dollar, but with U.S. dollar, Chinese Yuan and Indonesian Rupiah as well. The main currencies used in these transactions are NT dollar, U.S. dollar, Chinese Yuan and Indonesia Rupiah.

The Consolidated Company hedges against foreign exchange rate risk for at least receivables and payables denominated in foreign currencies. The Consolidated Company mainly hedges foreign exchange rate risk for foreign currency deposits or loans within one year from the reporting date.

(2)Interest Rate Risk

The Consolidated Company borrows funds at a floating interest rate, thereby generating cash flow risk.

(3)Other Market Price Risk

The Consolidated Company does not hold any equity securities and therefore has no risk of changes in equity instrument prices.

(19)Capital Management

Based on the current operational characteristics and future development of the Consolidated Company, and taking into account external environmental changes, the Consolidated Company has planned its capital management to ensure that it has the necessary financial resources and operational plans to support future needs such as working capital, capital expenditures, research and development expenses, debt repayment, and dividend payments. The management determines the optimal capital structure of the Consolidated Company using an appropriate debt-to-equity ratio to maintain a sound capital base while optimizing the balance between debt and equity to enhance shareholder returns. The debt-to-equity ratio as of the reporting date is shown below:

	December 31, 2022	**December 31, 2021**
Total Liabilities	$ 3,995,278	5,153,484
Total Equities	2,601,896	2,506,045
Debt-to-equity Ratio	154%	206%

The debt-to-equity ratio as of December 31, 2022 is lower than that of December 31, 2021, primarily due to a decrease in accounts payable in the current period

(20) Investment and financing activities through non-cash transactions

1. For the Consolidated Company's investment activities through non-cash transactions involved obtaining the right to use assets through lease arrangements at the years ended December 31, 2022 and 2021, please refer to Note 6 (6) and 6 (9) for details.
2. The adjustment of liabilities from financing activities is shown in the table below:

	January 1, 2022	Cash Flows	Changes in Non-cash Flows Changes in Lease Payments	December 31, 2022
Short-term Loans	$ 1,361,323	(595,923)	-	765,400
Lease Liabilities	16,852	(8,457)	13,761	22,156
Long-term Loans	650,000	350,000	-	1,000,000
	$ 2,028,175	(254,380)	13,761	1,787,556

	January 1, 2021	Cash Flows	Changes in Non-cash Flows Changes in Lease Payments	December 31, 2021
Short-term Loans	$ 913,920	447,403	-	1,361,323
Lease Liabilities	5,973	(6,534)	17,413	16,852
Long-term Loans	-	650,000	-	650,000
	$ 919,893	1,090,869	17,413	2,028,175

7、Related Party Transaction

(1) Related party name and categories

During the reporting period of this consolidated financial statement, the subsidiary companies of the Company and other related parties who have transactions with the Company are as follows:

Related Party Name	Related Party Categories
Inspire Stars Limited (Inspire)	Was a related party in substance before November 4, 2022
CHOU YUAN-HSIAN	〃

(2)Significant Transactions with Related Parties

1.Commission Expenses

The Consolidated Company incurred commission expenses and end-of-period payable commissions through other related parties acting as intermediaries in related sales transactions. These were recorded as operating expenses and other payables, respectively. The details are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Commission Expenses:		
Others－Inspire	$ 89,218	108,098

	December 31, 2022	December 31, 2021
Commissions payable:		
Other－Inspire	$ -	40,028

The related parties mentioned above were related to the Consolidated Company before November 4, 2022, and only transactions with related parties before that date are disclosed.

2.Service Expense

The Consolidated Company engaged other related parties to provide labor services since August 2021, and the details are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Services expense (Recognized as operating expenses):		
Others	$ 854	469

	December 31, 2022	December 31, 2021
Services expense payable (Recognized as other payables):		
Others	$ -	105

The related parties mentioned above were related to the Consolidated Company before November 4, 2022, and only transactions with related parties before that date are disclosed.

(3)Transactions of key management personnel

Compensation of key management personnel includes:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Short-term employee benefits	$ 19,365	16,970
Post-employment benefits	541	433
	$ 19,906	17,403

8、Assets Pledged: None

9、Significant contingent liabilities and unrecognized commitments

As of December 31, 2021, and 2022, the Consolidated Company has contracted but unpaid engineering and equipment fees of NT$77,330 thousand and NT$8,931 thousand, respectively.

10、Significant disaster losses: None

11、Significant subsequent events

To repay bank loans, the Consolidated Company has decided to conduct a cash capital increase by issuing new shares and issuing the third unsecured convertible corporate bond in Taiwan on March 10, 2023, as resolved by the Board of Directors.

1. Cash capital increase: The Company plans to issue 8,000 thousand shares with a par value of NT$10 per share, and the tentative issue price is NT$28 per share.
2. Third unsecured convertible corporate bonds in Taiwan: The total maximum amount of issuance

is NT$400,000 thousand, with a three-year issuance period and a coupon rate of 0%.

12、Others

(1) The summary of employee benefits, depreciation, and amortization expenses by function is as follows:

Function / Nature of expenses	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Included in cost of sales	Included in operating expenses	Total	Included in cost of sales	Included in operating expenses	Total
Benefit expenses						
Salary expenses	216,129	294,406	510,535	237,321	279,726	517,047
Labor and health insurance expense	11,514	23,283	34,797	9,983	22,741	32,724
Retirement benefit expense	17,932	14,619	32,551	15,273	13,393	28,666
Director remuneration	-	7,477	7,477	-	9,727	9,727
Other employee benefit expense	274,633	20,841	295,474	445,545	20,638	466,183
Depreciation expense	117,963	69,154	187,117	63,142	55,913	119,055
Amortization expense	1,273	6,058	7,331	416	6,969	7,385

13、Additional disclosures

(1) Information on significant transactions

Based on the provisions of the Financial Statements Preparation Guidelines for Securities Issuers in the year 2022, the significant transaction information that the Company should disclose is as follows:

1. Loans to others:

In Thousand of New Taiwan Dollars

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for bad debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)
													Item	Value		
0	The Company	Keelgo Energy	Other receivables	Yes	10,000	10,0	-	1%	2	-	Operating capital	-	None	-	258,548	517,095

Note 1: The numbering method is as follows:
1.0 represents the parent company
2.1 represents a subsidiary company
Note 2：1. represents a party with business transactions.
2. represents the necessity of short-term financing.
Note 3： Under the "Operation Procedure for Fund Lending to Others" of the Company, the total amount of fund lending shall not exceed 20% of the net worth as stated in the Company's most recently audited or reviewed financial statements by the accountant. For companies or banks that require short-term financing from the Company, the amount of individual loans shall not exceed 10% of the net worth of the Company.
Note 4： The above-mentioned transactions have been offset in the preparation of the consolidated financial statements.

2. Endorsements/guarantees provided:

In Thousand of NT Dollar / US Dollar

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	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	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of relationship										
0	The Company	Celxpert(Kunshan)	Sub-subsidiary	1,034,190	245,680 (US$8,000)	245,680 (US$8,000)	245,680 (US$8,000)	-	9.50%	1,034,190	Y	-	Y
0	The Company	Celxperts(Nantong)	Sub-subsidiary	1,034,190	66,120 (CNY15,000)	66,120 (CNY15,000)	66,120 (CNY15,000)	-	2.56%	1,034,190	Y	-	Y
0	The Company	Keelgo Energy	Subsidiary	258,548	120,000	120,000	38,633	-	4.64%	1,034,190	Y	-	-

Note 1： The total amount of endorsements and guarantees provided by the Company to third parties shall not exceed 40% of the latest net worth as reported in the financial statements. The maximum limit for endorsements and guarantees provided to a single enterprise, except for subsidiaries in which the Company directly or indirectly holds more than 90% of the ordinary shares, shall not exceed 40% of the current net worth. For all other enterprises, the maximum limit shall not exceed 10% of the latest net worth as reported in the financial statements.
Note 2: The endorsers mentioned above are entities included in the consolidated financial statements.
Note 3： The US dollar is converted to New Taiwan dollars using the exchange rate of 30.71 at the end of the period, while the Chinese yuan is converted to New Taiwan dollars using the exchange rate of 4.408 at the end of the period.

3. The situation of held securities at the end of the period (excluding investments in subsidiaries, affiliated enterprises, and joint venture equity): None.
4. Cumulative purchase or sale amount of the same securities reaches NT$300 million or 20% of the paid-in capital: None.
5. The acquisition amount of real estate reaches NT$300 million or 20% of the paid-in capital: None.
6. Disposal amount of real estate reaches NT$300 million or 20% of the paid-in capital: None.
7. Sales or purchases with related parties reached NT$100 million or 20% of the paid-in capital:

In Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable and Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	ASIL	Subsidiary	Processing fees	320,652	3 %	Based on funding needs	Under the Company's pricing policies	Adjustment based on funding needs	Accounts payable (97,060)	(6) %	Note 2, 3
ASIL	The Company	Parent	(Processing income)	(320,652)	(100) %	〃	〃	〃	Accounts payable 97,060	100 %	Note 3
The Company	Celxpert(Kunshan)	Subsidiary	Processing fees	570,439	6 %	〃	〃	〃	Accounts payable (18,576)	- %	Note 2, 3
Celxpert(Kunshan)	The Company	Parent	(Processing income)	(570,439)	(63) %	〃	〃	〃	Accounts payable 18,576	- %	Note 3
ASIL	Celxpert(Kunshan)	Same ultimate parent company	Processing fees	331,574 (US$11,125)	99 %	〃	〃	〃	Accounts payable -	- %	-
Celxpert(Kunshan)	ASIL	〃	(Processing income)	(331,574) (US$(11,125))	(37) %	〃	〃	〃	Accounts payable -	- %	-

Note 1：The USD amounts were converted into NTD using the exchange rate of 30.71 or the average exchange rate of 29.8044 on the balance sheet date.
Note 2：The balance represents the net amount of commissions paid for processing and the sale of raw materials.
Note 3： The above-mentioned transactions have been offset in the preparation of the consolidated financial statements.

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None
9. Engaged in derivative trading: None

10.Intercompany relationships and significant intercompany transactions：

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
1	ASIL	The Company	2	Processing income	320,652	Under the Company's pricing policies, adjustment based on funding needs	2.89%
1	ASIL	The Company	2	Accounts receivable	97,060	〃	1.47%
0	The Company	ASIL	1	Operating Cost	320,652	〃	2.89%
0	The Company	ASIL	1	Accounts payable	97,060	〃	1.47%
2	Celxpert(Kunshan)	The Company	2	Processing income	570,439	〃	5.14%
2	Celxpert(Kunshan)	The Company	2	Accounts receivable	18,576	〃	0.28%
0	The Company	Celxpert(Kunshan)	1	Operating Cost	570,439	〃	5.14%
0	The Company	Celxpert(Kunshan)	1	Accounts payable	18,576	〃	0.28%
2	Celxpert(Kunshan)	ASIL	3	Processing income	331,574	〃	2.99%
1	ASIL	Celxpert(Kunshan)	3	Operating Cost	331,574	〃	2.99%
0	The Company	Keelgo	1	Sales income	52,844	120 days end of month	0.48%
0	The Company	Keelgo	1	Accounts receivable	22,695	〃	0.34%
3	Keelgo	The Company	2	Operating Cost	52,844	〃	0.48%
3	Keelgo	The Company	2	Accounts payable	22,695	〃	0.34%
0	The Company	Keelgo	1	Operating Cost	13,434	〃	0.12%
3	Keelgo	The Company	2	Operating income	13,434	〃	0.12%
0	The Company	Keelgo	1	Sales expense	7,038	〃	0.06%

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
3	Keelgo	The Company	2	Operating income	7,038	20 days end of month	0.06%
0	The Company	Keelgo	1	Other payables	21,495	〃	0.33%
3	Keelgo	The Company	2	Accounts receivable	21,495	〃	0.33%

Note 1: The numbering method is as follows:
(1)0 represents the parent company.
(2)Subsidiaries are numbered sequentially starting from the Arabic numeral 1 according to their company type.
Note 2: The types of relationships with counterparties are indicated as follows:
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

(2) Information on investee

RELATED INFORMATION OF INVESTEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA) FOR THE YEAR ENDED DECEMBER 31, 2022

In Thousands of Shares / US Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Interim Highest Holdings		Net Income of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying Value	Shares	%			
The Company	CHL	British Virgin Islands	Overseas holding company	752,490	752,490	24,631	100%	517,142	24,631	100%	(77,182)	(75,215)	Subsidiary (Note 3)
〃	Celxpert(Indonesia)	Indonesia	manufacturing, processing, and sales of battery packs and power supply related products.	40,767	40,767		100%	10,346	18	100%	(4,125)	(4,125)	Subsidiary (Note 3)
〃	Keelgo Energy	Taiwan		158,290	73,290	8,600	85.15%	94,158	8,600	100%	210	271	Subsidiary (Note 3)
CHL	ASIL	British Virgin Islands	research and development of energy technology and information software."	1,536 (US$50)	1,536 (US$50)		100%	97,566 (US$3,177)	50	100%	119 (US$4)	Investment gains and losses recognized by CHL	Sub-subsidiary (Note 3)
〃	CHK	Hong Kong	Overseas holding company	436,696 (US$14,220)	436,696 (US$14,220)	14,220	100%	197,465 (US$6,430)	14,220	100%	(56,002) (US$(1,879))	〃	〃
〃	CEIL	SAMOA	〃	US$-	US$-	(Note 1)	100%	US$-	(註1)	100%	US$-	〃	〃
〃	CPEI	〃	〃	307,100 (US$10,000)	307,100 (US$10,000)	10,000	100%	232,536 (US$7,572)	10,000	100%	(21,549) (US$(723))	〃	〃

Note 1：Only the registration for the establishment has been completed, and the capital has not yet been invested
Note 2：The US dollar is converted to New Taiwan dollars using the exchange rate of 30.71 on the balance sheet date or the average exchange rate of 29.8044.
Note 3: The above-mentioned transactions have been offset in the preparation of the consolidated financial statements.

(3) Information on investment in Mainland China

1. Related information of investees in mainland China:：

In Thousands of Shares/US Dollars

Investee Company	Main business and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated Outflow of investment from Taiwan as of January 1, 2022 (Note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022 (Note 2)	Net income (losses) of the investee company	Percentage of ownership	Interim Highest Holdings		Share of profits/losses (Note 1)	Carrying amount as of balance as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow				Shares	%			
Celxpert(Kunshan)	Business of producing and selling parts for primary batteries and primary battery packs	Audited capital： 460,650 (US$15,000)	Indirect investment through CHK	436,236 (US$14,205)	-	-	436,236 (US$14,205)	(56,002) (US$(1,879))	100%		100%	(56,002) (US$(1,879))	179,285 (US$5,838)	-
Celxpert(Nantong)	Business of producing and selling parts for primary batteries and primary battery packs	Audited capital： 307,100 (US$10,000)	Indirect investment through CPEI	307,100 (US$10,000)	-	-	307,100 (US$10,000)	(21,549) (US$(723))	100%		100%	(21,549) (US$(723))	232,536 (US$7,572)	-
Celxpert(Changchun)	Business of recycling automotive batteries and electronic components	(Note 3)	Indirect investment through CEIL	-	-	-	-	-	-%		-%	-	-	-

2. Restrictions on investment in Mainland China：

In Thousands of US Dollars

Accumulated Investment in Mainland China as of S December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
743,336 (US$24,205)	754,852 (US$24,580)	1,551,285

Note 1：The investment gains or losses for this period were recognized based on the financial statements audited by the Taiwan parent company's certified public accountant.

Note 2：The US dollar was converted to New Taiwan dollars at the exchange rate of either 30.71 on the balance sheet date or an average rate of 29.8044.

Note 3： Only the registration for establishment has been completed, and the capital has not been invested yet.

3. Significant transaction items:

For the year ended December 31, 2022, significant transaction items between the Consolidated Company and the mainland investee companies, either directly or indirectly, please refer to the "Disclosure of Significant Transaction Items" for details.

(4)Information on major shareholder: None

14、Segment Information

(1) The reporting segment of the Consolidated Company has only one Battery Department, which mainly engages in the manufacturing, processing, and trading of battery packs and related power supply products. Therefore, there is no need to disclose operating segment information.

(2)Information by Product Type

For information on external customer revenue, please refer to Note 6 (14).

(3)Information by Region

The information by region for the Consolidated Company is as follows. Revenue is classified based on the geographical location of the customers, while non-current assets are classified based on their geographical location.

1. For information on external customer revenue, please refer to Note 6 (14).

2.Noncurrent Assets：

Region	**Year Ended December 31, 2022**	**Year Ended December 31, 2021**
Taiwan	$ 241,728	234,217
Mainland China	502,174	409,604
Indonesia	280	363
Others	40	-
	$ 744,222	644,184

Noncurrent assets include property, plant and equipment, lease assets, intangible assets, deposits paid, and other noncurrent assets. However, they do not include deferred tax assets and assets related to post-employment benefits.

(4)Major Customer Information

The sales details of external customers, whose sales revenue accounts for 10% or more of the total revenue on the consolidated income statement, are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
1242 Company	$ 7,063,260	7,499,586
1000 Company	841,300	2,124,417
1204 Company	951,429	2,059,419
	$ 8,855,989	11,683,422

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Celxpert Energy Corporation

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's 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 judgement, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that we determine should be communicated in the audit report are as follows:

1. Inventory Valuation

   Refer to Note 4 (7) Inventory to the parent company only financial statements for the accounting policy on inventory valuation. Refer to Note 5 to the parent company only financial statements for information regarding the uncertainty of inventory valuation. Refer to Note 6 (3) Inventory to the parent company only financial statements for accounting items related to inventory.

   Explanation on Key Audit Matter:

   The inventory of the Company is measured at the lower of cost or net realizable value. Due to the customized nature of the contract manufacturing business, the risk of inventory obsolescence increases if customers anticipate orders in excess of actual purchases. Therefore, inventory impairment due to obsolescence risk is identified as a key audit matter in our examination of the financial statements of the Company.

Corresponding Audit Procedures

Our main audit procedures for the above key audit matters include reviewing the Company's inventory valuation policy for reasonableness and compliance with the regulations of the Company, taking into account the potential impact of the COVID-19 pandemic. In addition, we reviewed the inventory aging report, analyzed changes in inventory aging over each period, and tested the relevant values of the lower of cost or net realizable value in connection to the interval classification.

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.

Auditor’s 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 parts of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement 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, intention omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan-Ying Kuo and I-Wen Wang

KPMG
Taipei, Taiwan (Republic of China)
March 10, 2023

Note to Readers
The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.
The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

		December 31, 2022		December 31, 2021	
	ASSETS	**Amount**	**%**	**Amount**	**%**
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6 (1))	$ 883,630	14	385,478	5
1170	Accounts receivable,net (Notes 6 (2) and 6 (15))	2,878,824	45	4,501,955	60
1180	Accounts receivable – related parties (Notes 6 (2) and 7)	22,695	-	11,431	-
1200	Other receivables (Note 7)	5,325	-	12,001	-
1310	Inventories (Note 6 (3))	1,742,545	27	1,739,828	24
1410	Prepayments	6,332	-	5,225	-
1470	Other current assets (Note 8)	2,133	-	4,192	-
		5,541,484	86	6,660,110	89
	NONCURRENT ASSETS				
1550	Investments accounted for using equity method (Notes 6 (4) and 7)	621,646	10	598,610	8
1600	Property, plant and equipment (Note 6 (6))	214,278	3	209,554	3
1755	Right-of-use assets (Note 6 (7))	14,290	-	15,708	-
1780	Intangible assets	966	-	3,699	-
1840	Deferred tax assets (Note 6 (12))	47,237	1	33,085	-
1920	Guarantee deposits paid	2,233	-	2,233	-
1975	Net defined benefit assets – noncurrent (Note 6 (11))	1,513	-	-	-
		902,163	14	862,889	11
	Total assets	**$ 6,443,647**	**100**	**7,522,999**	**100**

		December 31, 2022		December 31, 2021	
	LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
	CURRENT LIABILITIES				
2100	Short-term loans (Note 6 (8))	$ 642,560	10	1,250,603	17
2130	Contract liabilities — current (Note 6 (15))	12,252	-	42,867	-
2170	Accounts payable	1,594,428	25	2,450,579	33
2180	Payables to related parties (Note 7)	115,636	2	176,191	2
2200	Other payables (Note 7)	279,409	4	229,573	3
2230	Current tax liabilities	121,764	2	59,452	1
2280	Lease liabilities — current (Note 6 (10))	5,598	-	4,805	-
2300	Other current liabilities	58,816	1	121,787	2
		2,830,463	44	4,335,857	58
	NONCURRENT LIABILITIES				
2540	Long-term loans (Note 6 (9))	1,000,000	16	650,000	9
2560	Current tax liabilities — noncurrent (Note 6 (12))	18,369	-	-	-
2570	Deferred income tax liabilities (Note 6 (12))	538	-	18,199	-
2580	Non-current lease liabilities (Note 6 (10))	8,802	-	10,965	-
2640	Net defined benefit liabilities — noncurrent (Note 6 (11))	-	-	1,934	-
		1,027,709	16	681,098	9
	Total liabilities	3,858,172	60	5,016,955	67
	Equity attributable to owners of parent (Note 6 (13))				
3110	Ordinary share	803,059	12	803,059	11
3200	Capital surplus	640,924	10	640,924	8
3310	Legal reserve	356,678	6	325,092	4
3350	Unappropriated earnings	745,943	12	716,634	10
3410	Exchange differences on translation of foreign financial statements	38,871	-	20,335	-
	Total equity	2,585,475	40	2,506,044	33
	Total liabilities and equity	**$ 6,443,647**	**100**	**7,522,999**	**100**

Celxpert Energy Corporation
STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating Revenue** (Notes 6 (15) and 7)	$ 11,090,325	100	13,932,461	100
5110	**Operating Costs** (Notes 6 (3), (11), 7 and 12)	10,187,549	92	12,930,728	93
5900	**GROSS PROFIT**	902,776	8	1,001,733	7
6000	**OPERATING EXPENSES** (Notes 6 (11), (16), 7 and 12):				
6100	Selling expenses	238,973	2	218,541	2
6200	Administrative expenses	200,481	2	187,167	1
6300	Research and development expenses	204,787	2	211,120	1
6450	Expected credit loss (Note 6 (2))	(917)	-	-	-
		643,324	6	616,828	4
6900	**INCOME FROM OPERATIONS**	259,452	2	384,905	3
	NON-OPERATING INCOME AND EXPENSES:				
7100	Interest income	3,315	-	1,164	-
7190	Other income (Note 6 (17))	31,611	-	2,291	-
7050	Financial costs	(33,934)	-	(11,440)	-
7630	Net foreign exchange gain (loss) (Note 6 (18))	143,424	1	37,259	-
7590	Miscellaneous disbursements (Note 6 (17))	(35,997)	-	(132)	-
7070	Share of profits of subsidiaries and associates	(79,069)	(1)	(60,006)	-
		29,350	-	(30,864)	-
7900	**Profit BEFORE INCOME TAX**	288,802	2	354,041	3
7950	**TAX EXPENSE** (Note 6 (12))	68,196	-	99,965	1
8200	**Profit**	220,606	2	254,076	2
8300	**OTHER COMPREHENSIVE INCOM (LOSS):**				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Note 6 (11))	2,977	-	(564)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6 (12))	595	-	(113)	-
		2,382	-	(451)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences arising on translation of foreign operations	18,536	-	(12,996)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		18,536	-	(12,996)	-
8300	**Other comprehensive income (loss)**	20,918	-	(13,447)	-
8500	**TOTAL COMPREHENSIV INCOME**	**$ 241,524**	**2**	**240,629**	**2**
	EARNINGS PER SHARE (Note 6 (14))				
9750	**Basic earnings per share (NT$)**	**$**	**2.75**		**3.16**
9850	**Diluted earnings per share (NT$)**	**$**	**2.71**		**3.13**

Celxpert Energy Corporation

STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

	Share Stock Ordinary Stock	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Unappropriated retained Earnings	Retained Earnings: Total	Foreign Currency Translation Reserve	Total Equity
BALANCE, JANUARY 1, 2021	$ 803,059	640,924	294,869	693,997	988,866	33,331	2,466,180
Profit	-	-	-	254,076	254,076	-	254,076
Other comprehensive income (loss)	-	-	-	(451)	(451)	(12,996)	(13,447)
Total comprehensive income (loss)	-	-	-	253,625	253,625	(12,996)	240,629
Appropriation and distribution of retained earnings							
Legal reserve appropriated	-	-	30,223	(30,223)	-	-	-
Cash dividends of ordinary share	-	-	-	(200,765)	(200,765)	-	(200,765)
BALANCE, DECEMBER 31, 2021	803,059	640,924	325,092	716,634	1,041,726	20,335	2,506,044
Profit	-	-	-	220,606	220,606	-	220,606
Other comprehensive income (loss)	-	-	-	2,382	2,382	18,536	20,918
Total comprehensive income (loss)	-	-	-	222,988	222,988	18,536	241,524
Appropriation and distribution of retained earnings							
Legal reserve appropriated	-	-	31,586	(31,586)	-	-	-
Cash dividends of ordinary share	-	-	-	(160,612)	(160,612)	-	(160,612)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(1,481)	(1,481)	-	(1,481)
BALANCE, DECEMBER 31, 2022	**$ 803,059**	**640,924**	**356,678**	**745,943**	**1,102,621**	**38,871**	**2,585,475**

Celxpert Energy Corporation
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021
In Thousands of New Taiwan Dollars

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 288,802	354,041
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation expense	52,367	47,628
Amortization expense	3,475	4,289
Expected credit loss (gain)	(917)	-
Interest Expense	33,934	11,440
Interest Income	(3,315)	(1,164)
Share of profits of subsidiaries, associates and joint ventures	79,069	60,006
Others	268	1,702
Total adjustments to reconcile profit (loss):	164,881	123,901
Changes in operating assets and liabilities:		
Accounts receivable	1,612,784	(588,366)
Other receivables	6,676	9,346
Inventories	(2,717)	(196,839)
Prepayments	(1,107)	8,751
Other current assets	2,059	(2,604)
Contract liabilities	(30,615)	(8,180)
Notes and accounts payable	(916,706)	(539,319)
Other payables	55,797	53,611
Other current liabilities	(62,971)	(97,788)
Net defined benefit liability / asset	(470)	(484)
Total changes in operating assets and liabilities	662,730	(1,361,872)
Cash inflow (outflow) generated from operations	1,116,413	(883,930)
Interest received	3,315	1,904
Interest paid	(32,231)	(11,242)
Income taxes paid	(19,923)	(92,208)
Net cash generated by operating activities	1,067,574	(985,476)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investments for using equity method	(85,000)	(305,251)
Acquisitions of property, plant and equipment	(58,169)	(47,501)
Proceeds from disposal of property, plant and equipment	-	80
Acquisitions of intangible assets	(448)	(3,478)
Others	-	(320)
Net cash flow(used in) investing activities	(143,617)	(356,470)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term loans	(608,043)	450,603
Proceeds of long-term loans	450,000	650,000
Repayment of long-term loans	(100,000)	-
Payments of lease liabilities	(7,150)	(5,249)
Cash dividends	(160,612)	(200,765)
Net cash flows from (used in) financing activities	(425,805)	894,589
NET INCREASE IN CASH AND CASH EQUIVALENTS	498,152	(447,357)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	385,478	832,835
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 883,630	385,478

Celxpert Energy Corporation
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Celxpert Energy Corporation (the "Company"), a Republic of China (R.O.C.) corporation, was incorporated on November 20, 1997, with the approval of the Ministry of Economic Affairs. The Company is committed to the manufacturing, processing, and sales of the related battery packs and power supply products in the 3C (computer, communication, consumer electronics) industry.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were authorized for issue by the Board of Directors on March 10, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022/1/1 are as follows, and have no significant impact to the parent company only financial statements.

- Amendments to IAS 16, "Property, plant and equipment: proceeds before intended use"
- Amendments to IAS 37, "Onerous contracts – cost of fulfilling a contract"
- Annual improvements to IFRS Standards 2018 – 2020
- Amendments to IFRS 3, "Reference to the conceptual framework"

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023/1/1 are as follows:

- Amendments to IAS 1, "Disclosure of accounting policies"
- Amendments to IAS 8, "Definition of accounting estimates"
- Amendments to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"

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

New standards, interpretations and amendments issued by IASB that may have impact to the Company but not yet endorsed by the FSC as follows:

New, Revised or Amended Standards and Interpretations	Major Content	Effective Date Issued by IASB
Amendments to IAS 1, "Classification of liabilities as current or noncurrent"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments also clarify how a company classifies a liability that can be settled in its own shares (convertible debt).	January 1, 2024
Amendments to IAS 1, "Noncurrent liabilities with covenants"	After reconsidering certain aspects of the 2020 amendments1, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Company is continuously assessing the impact of the new standards, interpretations and amendments above on the company financial condition and business performance, and the relevant impact will be disclosed when the assessment is completed.

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

- Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"
- IFRS 17, "Insurance contracts" and Amendments to IFRS 17, "Insurance contracts"
- Amendment to IFRS 17, "Initial application of IFRS 17 and IFRS 9 – comparative Information"
- Amendments to IFRS 16, 'Lease liability in a sale and leaseback'

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies adopted in the accompanying parent company only financial statements is as follows. Unless otherwise stated, the following accounting policies have been applied consistently to all periods in which the accompanying parent company only financial statements are presented.

(1)Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Parent Company Only Financial Statements").

(2)Basis of Preparation

1. Basis of evaluation

Except for the following significant items, the parent company only financial statements have been prepared under the historical cost basis:

(1) Financial assets at fair value through profit or loss.

(2) Net defined benefit liabilities (or assets) recognized based on the net amount of pension fund assets less present value of defined benefit obligation, subject to the limits described in Note 4 (15).

2.Functional currency and presentation currency

The functional currency is the currency of the primary economic environment in which the Company operates. The parent company only financial statements are presented in the Company's functional currency, New Taiwan Dollars. All financial information presented in NT$ is in thousands of New Taiwan Dollars.

(3)Foreign Currencies

1.Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date into functional currency. Non-monetary items measured at fair value denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined, while non-monetary items that are measured in terms of historical cost in foreign currencies are translated at the rates prevailing at the dates of the transactions.

2.Foreign operations

The assets and liabilities of the Company's foreign operations, including goodwill and fair value adjustments arising from acquisitions, are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

When disposing of foreign operations, resulting in loss of control, joint control, or significant influence, all accumulated exchange differences related to the foreign operations are reclassified to profit or loss. Partial disposals that include subsidiaries of foreign operations and the related accumulated exchange differences are proportionately reattributed to non-controlling interests. Partial disposals that include associates r joint ventures of foreign operations, the related accumulated exchange differences are proportionately reclassified to profit or loss.

For currency receivables or payables of foreign operations, in cases where there is no current settlement plan and it is not feasible to settle the balance in the foreseeable future, any resulting foreign exchange gain or loss is recognized as part of the net investment of the foreign operations and is classified as other comprehensive income.

(4)Classification of Current and Noncurrent Assets and Liabilities

Assets that meet any of the following criteria are classified as current assets, while all other assets that are not classified as current are noncurrent assets:

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
2. Assets held mainly for trading purposes;
3. Assets that are expected to be realized within 12 months from the reporting period; or
4. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the reporting period.

Liabilities that meet any of the following criteria are classified as current liabilities, while all other liabilities that are not classified as current are noncurrent liabilities:

1. Liabilities that are expected to be settled within the normal operating cycle;
2. Liabilities held mainly for trading purposes;
3. Liabilities that are expected to be settled within 12 months from the reporting period; or
4. Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

(5)Cash and Cash Equivalents

Cash consists of cash on hand and demand deposits. Cash equivalents consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits and repurchase agreements collateralized by bonds that meet this definition and are held to meet short-term cash commitments rather than investment or other purposes should be reported as cash equivalents.

(6)Financial Instruments

Accounts receivables are initially recognized when generated. Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets measured at fair value through profit or loss (except for excluding the accounts receivable of the significant financing components) or financial liabilities that are originally measured at fair value, are measured by adding the transaction cost directly attributable to the acquisition or issuance to the fair value. Accounts receivable that are not significant financing components are measured at transaction price.

1.Financial Assets

Regular way purchases or sales of financial assets are handled by the Company on a trade date basis for which financial assets were classified in the same way.

At initial recognition, they are classified as financial assets measured at amortized cost.

The Company will only reclassify all affected financial assets from the first day of the first reporting period following the change in business model.

(1) Financial assets at amortized cost

Financial assets that meet all of the following criteria and are not designated as fair value through profit or loss are measured at amortized cost:

・Objective of holding financial assets in order to collect contractual cash flows

・Contractual terms specifying that cash flows are solely payments of principal and interest on the principal amount outstanding.

The cumulative amortization of the asset is calculated using the effective interest rate method based on the initially recognized amount, and any allowance for impairment is adjusted at the amortized cost measured. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Gains or losses are also recognized in profit or loss upon derecognition.

(2) Impairment of financial assets

A loss allowance for expected credit loss is recognized for financial assets at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, refundable deposits and other financial assets) and contract assets.

For the following financial assets, the loss allowance is recognized at an amount equal to the expected credit loss of a financial instrument within 12 months after the reporting date, while others are recognized at an amount equal to the expected credit loss over the expected life of a financial instrument:

- The debt securities are assessed to have low credit risk on the reporting date; and
- The credit risk (the risk of default during the expected remaining term of the financial instruments) of other debt securities and bank deposits has not significantly increased since initial recognition.

The allowance for doubtful accounts and contract assets is measured based on the expected credit loss amount over the remaining term.

The expected credit loss over the remaining term refers to the expected credit loss arising from all possible default events that may occur during the expected remaining term of the financial instrument.

The 12-month expected credit loss refers to the expected credit loss arising from possible default events within 12 months after the reporting date (or a shorter period if the expected remaining term of the financial instrument is less than 12 months).

The maximum period for measuring expected credit loss is the longest contractual period for which the company is exposed to credit risk.

When determining whether credit risk has significantly increased since initial recognition, the company considers reasonable and supportable information (obtainable without undue cost or effort), including qualitative and quantitative information, and analysis based on the company's historical experience, credit rating, and forward-looking information.

If the credit risk rating of financial instruments is equivalent to the globally defined “investment grade” (which refers to the investment grade of BBB by S&P, Baa3 by Moody's, twA by Taiwan Ratings, or higher than these grades), the Company regards the credit risk of the debt securities as low.

If the contract amount is overdue for more than 30 days, the company assumes that the credit risk of the financial asset has significantly increased.

If the contract amount is overdue for more than 365 days or the borrower is unlikely to fulfill its credit obligations to pay the full amount to the company, the company regards the financial asset as in default.

The expected credit loss is the probability-weighted estimate of credit loss over the expected remaining term of the financial instrument. Credit loss is measured based on the present value of all cash shortfalls, i.e., the difference between the cash flows that the company is entitled to receive under the contract and the cash flows that the company expects to receive. The expected credit loss is discounted at the effective interest rate of the financial asset.

On each reporting date, the company evaluates whether financial assets measured at amortized cost are credit-impaired. If one or more events have occurred that have a detrimental effect on the estimated future cash flows of the financial asset, the financial asset is credit-impaired. Evidence of credit impairment for financial assets includes observable data related to the following matters:

- Significant financial difficulties of the borrower or issuer;
- Default, such as delays or overdue payments for more than 365 days;
- Concessions are given to the borrower that the company would not have considered otherwise due to financial difficulties related to the borrower;

・The borrower is likely to apply for bankruptcy or undergo another financial restructuring; or

・The active market for the financial asset may disappear due to financial difficulties.

The impairment loss of financial assets measured at amortized cost is deducted from the carrying amount of the asset.

When the Company cannot reasonably expect to recover the financial asset as a whole or in part, the total carrying amount of the financial asset is directly reduced. For corporate customers, the Company individually analyzes the timing and amount of offsetting based on whether it is reasonable to expect recoverability. The Company expects that the amount already offset will not be significantly reversed. However, the financial assets that have been offset can still be enforced to comply with the Company's procedures for recovering overdue amounts.

(3)Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity, or when it has not transferred nor retained substantially all the risks and rewards of ownership of the financial asset and has not retained control of the financial asset.

If the Company retains substantially all risks and rewards of ownership of the financial asset when entering into transaction for the transfer of financial assets, the financial asset shall continue to be recognized on the balance sheet.

2.Financial Liabilities and Equity Instruments

(1)Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2)Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

(3)Treasury stock

When buying back the equity instruments previously recognized by the Company, the consideration paid (including directly attributable costs) is stated at cost and shown as a deduction in equity. The repurchased shares are classified as treasury stock. When treasury stock is subsequently sold or reissued, the amount received is recognized as an increase in equity - any resulting surplus or deficit is recognized as either capital surplus or retained earnings (if the capital surplus is insufficient to offset it).

(4)Financial liabilities

Financial liabilities are subsequently measured at amortized cost using effective interest method. Interest expense and exchange gains or losses are recognized in profit or loss. Any gains or losses arising from derecognition are also recognized in profit or loss.

(5)Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire. The initial financial liability shall be derecognized and a new financial liability shall be recognized at fair value based on the modified terms when the terms of a financial liability are modified and the resulting cash flows are significantly different.

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

(6) Offsetting financial assets and liabilities

Financial assets and liabilities are only offset and presented as net amount on the balance sheet if the Company has a legally enforceable right to offset and intends to settle on a net basis or realize the asset and settle liability simultaneously.

(7)Inventories

Inventories are stated at the lower of cost or net realizable value. Cost includes the acquisition, production, or processing and other costs necessary to bring the inventory to its present location and condition and is calculated using the weighted-average method. The cost of finished goods and work in process inventory includes the production overheads allocated based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(8)Investment in subsidiaries

In the preparation of the parent company only financial statements, investments in entities controlled by the Company accounted for using the equity method. Under the equity method, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal the amount attributable to owners of the parent in the parent company only financial statements. Owners'' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the parent company only financial statements.

If changes in the Company's shares in subsidiaries do not result in loss of control, transactions shall be considered equity transactions between owners.

(9)Property, Plant and Equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment (including borrowing costs eligible for capitalization).

When the significant part of the property, plant, and equipment have different useful lives, they are treated as separate items (major part) of the property, plant, and equipment.

Any gain or loss arising on the disposal of an item of property, plan and equipment is recognized in profit or loss.

2.Subsequent costs

Subsequent costs are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company.

3.Depreciation

Depreciation is computed so as to write off the cost of the assets less their residual values and recognized in profit or loss over their useful lives using the straight-line method.

Land is not depreciated.

The estimated useful lives for current and comparative periods are as follows:
(1) Buildings and structures: 1 to 31 years
(2) Machinery, tooling, and equipment: 1 to 8 years
(3) Office and transportation equipment: 1 to 10 years
(4) The major components of the factory and equipment are mainly the main building of the factory, electromechanical power equipment, and elevator engineering, and depreciation is provided for each according to its useful life.

The Company reviews its depreciation method, useful lives, and residual values on an annual basis and adjusts them appropriately when necessary.

(10)Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1.Lessee

At the commencement date, the Company recognizes the right-of-use asset and lease liability. The right-of-use asset is measured at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, and accumulating any initial direct costs and the estimated costs in dismantling and removing the underlying asset, and restoring the site on which it is located or restoring the underlying asset, less any lease incentives received.

After the lease commencement date of the leased asset, depreciation is recognized using the straight-line method over the useful life of the asset, which is either the period from the lease commencement date to the end of the asset's useful life or the lease term, whichever is shorter. In addition, the Company assesses regularly whether the leased asset is impaired and recognizes any impairment loss that has occurred. The Company also adjusts the leased asset in the event of a re-measurement of the lease liability.

The lease liability is initially measured at the present value of lease payments not yet paid at the lease commencement date. If the implicit interest rate of the lease is readily determinable, the discount rate is that rate. If not readily determinable, the incremental borrowing rate of the lessee is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments used to measure the lease liability include the following:
(1) Fixed payments, including in-substance fixed payments;
(2) variable lease payments that depend on an index or a rate, using the index or rate at the lease commencement date as the initial measurement;
(3) amounts expected to be payable by the lessee under residual value guarantees; and
(4) The exercise price or payments of penalties of a purchase option if the lessee is reasonably certain to exercise that option or terminate the lease.

Lease liabilities are subsequently measured using the effective interest method to recognize interest expense, and their amounts are remeasured when any of the following events occur:
(1) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
(2) there is a change in the amounts expected to be payable under a residual value guarantee;
(3) there is a change in the assessment of an option to purchase the underlying asset

(4) Changes in estimates regarding the exercise of renewal or termination of options, resulting in a change to the assessment of the lease term;

(5) Modifications to the subject, scope or other terms of the lease.

The lease liability is remeasured by adjusting the carrying amount of the leased asset when there are changes in the index or rate used to determine lease payments, changes in the residual value guarantee, or changes in the assessment of purchase, extension, or termination options. Any remaining remeasurement amount is recognized in profit or loss when the carrying amount of the leased asset is reduced to zero.

For lease modifications that result in a reduction in the scope of the lease, the carrying amount of the leased asset is reduced to reflect the partial or full termination of the lease, and the difference between this amount and the remeasurement amount of the lease liability is recognized in profit or loss.

For short-term leases of video equipment, the parent company only company chooses not to recognize the leased asset and lease liability. Instead, the related lease payments are recognized as an expense on a straight-line basis over the lease term. This approach is used for leases with a term of 12 months or less and where the underlying asset is of low value.

(11)Intangible Assets

1. Recognition and Measurement

Goodwill arising on an acquisition of a subsidiary is carried at cost of the business less accumulated impairment loss.

Research-related expenses are recognized in profit or loss when incurred.

Development expenses are only capitalized when they can be reliably measure, the technical or commercial feasibility of the product or process has been achieved, the future economic benefits are likely to flow to the company, and the company intends and has sufficient resources to complete the development and use or sell the asset. Other development expenses are recognized in profit or loss when incurred. After initial recognition, capitalized development expenses are measured at cost less accumulated amortization and accumulated impairment losses.

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

2. Subsequent expense

Subsequent expenses are capitalized only when they are expected to increase the future economic benefits related to specific assets. All other expenses are recognized in profit or loss when incurred, including goodwill and brand arising from internal development.

3.Amortization

Amortization is calculated by deducting the estimated residual value from the asset cost and is recognized in profit or loss using the straight-line method over the estimated useful lives of the intangible assets from the time they are available for use. The amortization period for software costs is 2 years.

The amortization method, estimated useful life and residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(12)Impairment of Non-financial Assets

The Company assesses the non-financial assets (excluding assets arising from inventories, deferred tax and employee benefits) at each reporting date on whether there is an indication that they are impaired. For any existing indications, the Company assesses the recoverable amounts of those assets.

For impairment testing purposes, a cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the recoverable amount of an asset or cash-generating unit is less than its carrying amount, that reduction is recognized as an impairment loss. An impairment of loss shall be recognized immediately in profit or loss and reduces the carrying amount of each asset in the unit proportionately.

A non-financial asset can only be reversed within the range of its carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods.

(13) Provisions

The recognition of the liability reserve is due to past events that have created a present obligation for the company, which makes it probable that the company will be required to use economic resources in the future to settle that obligation, and the amount of the obligation can be estimated reliably.

1. Warranty

he warranty liability reserve is recognized when goods or services are sold and is measured based on historical warranty data and all possible outcomes weighted by their respective probabilities.

(14)Revenue Recognition

1.Revenue from customer contracts

Revenue is measured by the consideration expected to be received in exchange for the transfer of goods. The company recognizes revenue when control of the goods is transferred to the customer and the performance obligation is satisfied. The Company recognizes revenue when performance obligations are satisfied when customers obtain control of the promised goods. The Company's main revenue streams are as follows:

(1)Sale of goods

The Company manufactures battery packs and related power supply products for the 3C industry, which are sold to customers. Revenue is recognized when control over the product has been transferred to the customer. Control of the products is deemed to have transferred when the products are delivered to the customer and the customer has full discretion over the channel and price of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products under the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The company provides trade discounts to customers. Revenue is recognized based on the net amount of estimated trade discounts deducted from the contract price. The amount of trade discounts are estimated based on the expected value using accumulated historical experience, and revenue is recognized only to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.

The Company recognizes accounts receivable upon delivery of goods, as it has an unconditional right to receive consideration at that point in time.

(2)Financial composition

The Company expects that the time period for transferring goods or services to customers in all customer contracts does not exceed one year from the time when the customer pays for the goods or services. Therefore, the Company does not adjust the time value of money for transaction prices.

(15)Employee Benefits

1.Defined contribution plan

The contribution obligations of the defined contribution plan are recognized as expense in the period when the employee render service.

2.Defined benefit plan

The net obligation of the Company's defined benefit plans is determined separately for each plan by discounting the future benefit amounts earned by employees in the current or prior periods of service to their present value and deducting any fair value of plan assets.

The defined benefit obligation is annually calculated by an actuary using the projected unit credit method. When the calculation results in a benefit to the Company, an asset is recognized only to the extent of the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan. In calculating the present value of economic benefits, the minimum funding requirements are considered.

The remeasurement of the net defined benefit liability includes the impact of actuarial gains and losses, return on plan assets (excluding interest), and any changes in the asset ceiling (excluding interest), which are immediately recognized in other comprehensive income and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) using the beginning-of-the-year net defined benefit liability (asset) and the discount rate. The net interest expense and other expenses of the defined benefit plans are recognized in profit or loss.

When a plan is amended or curtailed, any benefit changes related to prior service cost or curtailment gain or loss are immediately recognized in profit or loss. The Company recognizes the settlement gain or loss of the defined benefit plan when it occurs.

3.Short-term employee benefits

Short-term employee benefits are recognized as expense in the period when the employee render service. If the Company has a present legal or constructive obligation as a result of past employee services, and the obligation can be reliably estimated, the amount shall be recognized as a liability.

(16)Income Tax

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

The Company has determined that the interest or penalties related to income tax (including uncertainty over income tax treatments) do not meet the definition of income tax, therefore, the accounting treatment under IAS 37 is applicable.

Current income tax includes the estimated payable or refundable income tax calculated based on the taxable income (loss) for the current year and any adjustments to the payable or refundable income tax for prior years. The amount reflects the uncertainty related to income tax (if any) and is measured at the best estimate of the amounts expected to be paid or received using the statutory tax rate or the substantively enacted tax rate as of the reporting date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Temporary differences that arise under the following circumstances are not recognized as deferred income tax:

1. Assets or liabilities that are initially recognized in transactions that do not constitute business combinations, and which do not affect accounting profit or taxable income (loss) at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries, associates, and joint ventures that the Company can control and it is probable that they will not reverse in the foreseeable future; and
3. The taxable temporary differences arising from the initial recognition of goodwill.

For unused tax losses and unused tax credits available for carryforward, as well as deductible temporary differences, a deferred tax asset shall be recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses, credits, and deductible temporary differences can be utilized. The deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available

The deferred income tax is measured using the tax rate expected to be applied when temporary differences reverse, based on the statutory tax rate or the substantively enacted tax rate at the reporting date, and reflecting any uncertainty related to income taxes (if any).

The Company only offsets deferred income tax assets and liabilities when all of the following conditions are met:

1. There is a legally enforceable right to offset current income tax assets and liabilities; and
2. Deferred income tax assets and liabilities are related to income taxes levied by the same tax authority on either;
   (1)the same taxable entity; or
   (2)different taxable entities, but each entity intends to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax assets are expected to be recovered or settled.

The portion of undistributed earnings subject to corporate income tax is recognized as current income tax expense in the period in which the distribution of earnings is approved by the shareholders' meeting in the following year.

(17)Earnings Per Share

The basic and diluted earnings per share attributable to ordinary equity holders of the Company are presented. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of outstanding ordinary shares during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary equity holders of the Company and the weighted average number of outstanding ordinary shares for the effects of all potentially dilutive ordinary shares. The Company's potential dilutive ordinary shares include employee share-based payment awards that have not been settled by the issuance of shares.

(18)Segment Information

As the Company has disclosed segment information in its parent company only financial statements, no segment information is disclosed in the parent company only financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SORUCES OF ESTIMATION AND UNCERTAINTY

In the preparation of the parent company only financial statements, the Company is required to make judgments, estimates and assumptions about the reporting amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed by the Company on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

There are no critical accounting judgments in the accounting policies of the Company that have significant effect on the recognized amounts in the parent company only financial statements.

The estimated and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and has considered the implications of COVID-19 are addressed below:

Inventory Valuation

Inventory is valued at the lower of cost and net realizable value. The valuation of inventory is primarily based on the assessment of product demand during a specific future period. Therefore, difference in valuation may arise due to industry-specific characteristics. For information regarding the estimation of inventory valuation, please refer to Note 6 (3).

6、CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash and cash on hand	$ 1,155	655
Checking accounts and demand deposits	882,475	384,823
	$ 883,630	**385,478**

The disclosure of the analysis of interest rate risk and sensitivity of financial assets and liabilities of the Company is detailed in Note 6 (18).

(2)Notes and accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Notes and accounts receivable (including related parties)－at amortized cost	$ 2,904,502	4,517,286
Less: Loss allowance	(2,983)	(3,900)
	$ 2,901,519	**4,513,386**

The Company adopts a simplified approach to estimate expected credit losses for all notes and accounts receivables (including related parties). Specifically, the Company uses the expected credit losses measured over the lifetime of the financial asset for this measurement purpose. For this purpose, these accounts receivable and trade receivables (including related parties) are grouped based on the common credit risk characteristics of the ability of the customers to pay all the amounts due according to the contract terms. The Company has taken into account forward-looking information, including historical credit loss experience and reasonable forecasts of future economic conditions, including macroeconomic and related industry information. The analysis of expected credit losses for accounts receivable and trade receivables (including related parties) is as follows:

Credit Rating	December 31, 2022 Gross Accounts Receivable	Weighted average expected credit loss rate	Allowance for Expected Credit Losses
A	$ 405,646	0.001%	4
B	194,152	0.005%	10
C	2,097,517	0.100%	2,098
D	207,187	0.421%	871
	$ 2,904,502		2,983

Credit Rating	December 31, 2021 Gross Accounts Receivable	Weighted average expected credit loss rate	Allowance for Expected Credit Losses
A	$ 1,068,261	0.001%	11
B	321,425	0.005%	16
C	2,977,236	0.100%	2,977
D	150,364	0.596%	896
	$ 4,517,286		3,900

Aging analysis of notes and accounts receivable (including related parties)：

	December 31, 2022	December 31, 2021
Not past due	$ 2,818,364	4,505,851
Past due 1~30 days	56,871	11,435
Past due 31~60 days	29,267	-
Past due 61~90 days	-	-
Past due 91~120 days	-	-
	$ 2,904,502	4,517,286

Movements of the loss allowance for notes and accounts receivable (including related parties)：

	Year Ended December 31, 2022	Year Ended December 31, 2021
Balance, beginning of year	$ 3,900	3,900
Provision (Reversal)	(917)	-
Balance, end of year	$ 2,983	3,900

As at December 31, 2022 and 2021, the Company has no notes and accounts receivables (including related parties) pledged to others as collateral.

(3)Inventories

		December 31, 2022	December 31, 2021
Raw materials	$	840,038	787,992
Work in process		47,924	61,680
Finished goods		854,583	890,156
	$	1,742,545	1,739,828

1. The inventory cost recognized as cost of goods sold and expenses for the years 2022 and 2021 were NT$10,185,347 thousand and NT$12,911,384 thousand, respectively.
2. The impairment losses recognized due to inventory write-down and obsolescence for the years 2022 and 2021 were NT$2,015 thousand and NT$18,763 thousand, respectively. The related inventory cost expenses recognized for unallocated manufacturing overheads for the years 2012 and 2019 were both NT$0 thousand. The inventory scrapped losses recognized for the years 2012 and 2019 were NT$187 thousand and NT$581 thousand, respectively. All the above gains and losses have been included in the operating cost.
3. As of December 31, 2022, and 2021, the company did not provide any collateral or guarantees using its inventory.

(4)Investments accounted for using equity method

Investments accounted for using the equity method consisted of the following:

		December 31, 2022	December 31, 2021
Subsidiaries	$	621,646	598,610

1. Please refer to the 2022 parent company only financial statements
2. As of December 31, 2022, and 2021, the investments accounted for using the equity method by the company were not pledged as collateral.

(5) Changes in shareholding of subsidiaries

The Company's subsidiary, KEELGO ENERGY CO., LTD. (Keelgo Energy), carried out a cash capital increase in December 2022. The company increased its investment amount by NT$ 85,000 thousand. As the company did not subscribe in proportion to its original ownership interest, its shareholding percentage decreased from 100% to 85.15%, and the retained earnings were adjusted and decreased by NT$ 1,481 thousand.

(6)Property, plant and equipment

Movements of the cost and depreciation for property, plant and equipment：

		Land	Buildings	Machinery and Equipment	Office and Transportation Equipment	Equipment under Installation and Construction in Progress	Total
Cost：							
Balance at January 1, 2022	$	46,636	212,416	285,203	37,401	17,937	599,593
Additions		-	4,971	32,433	5,081	8,020	50,505
Disposals		-	-	(27,263)	(20,386)	-	(47,649)
Transfers		-	-	11,116	-	(11,410)	(294)
Balance at December 31, 2022	$	46,636	217,387	301,489	22,096	14,547	602,155

Balance at January 1, 2021	$	46,636	194,228	272,442	36,210	5,478	554,994
Additions		-	18,188	11,575	1,232	18,576	49,571
Disposals		-	-	(3,084)	(41)	-	(3,125)
Transfers		-	-	4,270	-	(6,117)	(1,847)
Balance at December 31, 2021	$	**46,636**	**212,416**	**285,203**	**37,401**	**17,937**	**599,593**
Depreciation：							
Balance at January 1, 2022	$	-	105,987	251,930	32,122	-	390,039
Depreciation		-	10,661	32,017	2,491	-	45,169
Disposals		-	-	(26,946)	(20,385)	-	(47,331)
Balance at December 31, 2022	$	**-**	**116,648**	**257,001**	**14,228**	**-**	**387,877**
Balance at January 1, 2021	$	-	96,584	224,233	30,014	-	350,831
Depreciation		-	9,403	30,781	2,149	-	42,333
Disposals		-	-	(3,084)	(41)	-	(3,125)
Balance at December 31, 2021	$	**-**	**105,987**	**251,930**	**32,122**	**-**	**390,039**
Carrying amount：							
At December 31, 2022	$	**46,636**	**100,739**	**44,488**	**7,868**	**14,547**	**214,278**
At January 1, 2021	$	**46,636**	**97,644**	**48,209**	**6,196**	**5,478**	**204,163**
At December 31, 2021	$	**46,636**	**106,429**	**33,273**	**5,279**	**17,937**	**209,554**

As of December 31, 2022 and 2021, the Company's property, plant, and equipment were not pledged or provided as collateral.

(7) Right-of-use assets

The detailed changes in the cost and depreciation of leased buildings, construction, and other equipment of the Company are as follows:

		Buildings and structures	Other equipment	Total
Right-of-use assets costs：				
Balance at January 1, 2022	$	17,022	4,711	21,733
Additions		3,440	2,340	5,780
Subtractions		(2,023)	-	(2,023)
Balance at December 31, 2022	$	**18,439**	**7,051**	**25,490**
Balance at January 1, 2021	$	3,081	4,516	7,597
Additions		17,022	404	17,426
Subtractions		(3,081)	(209)	(3,290)
Balance at December 31, 2021	$	**17,022**	**4,711**	**21,733**
Depreciation of right-of-use assets：				
Balance at January 1, 2022	$	3,445	2,580	6,025
Depreciation		5,197	2,001	7,198
Subtractions		(2,023)	-	(2,023)
Balance at December 31, 2022	$	**6,619**	**4,581**	**11,200**

Balance at January 1, 2021	$	2,754	1,253	4,007
Depreciation		3,772	1,523	5,295
Subtractions		(3,081)	(196)	(3,277)
Balance at December 31, 2021	$	3,445	2,580	6,025
Carrying Amount：				
At December 31, 2022	$	11,820	2,470	14,290
At January 1, 2021	$	327	3,263	3,590
At December 31, 2021	$	13,577	2,131	15,708

(8) Short-term Loans

Details of short-term loans are as follows:

	December 31, 2022	December 31, 2021
Unsecured loans	$ 642,560	1,250,603
Credit lines	$ 3,088,958	1,417,237
Interest rate	0.75%~5.71%	0.79%~1.20%

As of December 31, 2022, and 2021, the Company did not provide any collateral for asset-set mortgage bank loans or financing credit lines.

(9) Long-term Loans

Details of long-term loans are as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 1,000,000	650,000
Loss: Due within 1 year	-	-
Total	$ 1,000,000	650,000
Credit lines	$ 1,000,000	-
Interest rate	0.90%~2.0%	0.9%~1.20%
Due date	113.3~113.11	112.8~112.11

1. New loans and repayments
   The amounts of new loans for the years 2022 and 2021 were NT$450,000 thousand and NT$650,000 thousand, respectively. The amounts of repayments for the years 2022 and 2021 were NT$100,000 thousand and NT$0 thousand, respectively.
2. The Company did not provide any assets as collateral for bank loans or financial credits.
3. For information on the Company's interest rate and liquidity risks, please refer to Note 6 (18).

(10)Lease Liabilities

The carrying amounts of the lease liabilities of the Company are as follows：

		111.12.31	110.12.31
Current	$	5,598	4,805
Noncurrent	$	8,802	10,965

Please refer to Note 6 (18) Financial Instruments for maturity analysis.

The amounts of lease recognized in profit or loss are as follows:

		2022	2021
Interest expense of lease liabilities	$	187	135
Variable lease payments not included in the measurement of lease liabilities	$	220	-
Expense of short-term leases	$	881	862

The amounts of lease recognized in the cash flow statement are as follows:

		2022	2021
Total cash outflows for leases	$	8,438	6,246

1.Lease of buildings and constructions

The Company leases buildings and constructions as office spaces and parking lots, with a lease term of 1 to 5 years.

2.Other leases

The Company leases office and transportation equipment for 3 to 5 years.

In addition, the Company leases office and video equipment for less than 1 year, which are short-term leases. The Company has elected to apply the exemption recognition rules and not recognize the related right-of-use assets and lease liabilities.

(11)Employee benefit

1.Defined benefit plan

The present value of defined benefit obligations and fair value of plan assets of the Company is adjusted as the follows:

		December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$	(8,287)	(11,090)
Fair value of plan assets		9,800	9,156
Net defined benefit asset (liability)	$	1,513	(1,934)

The defined benefit plan of the Company is allocated to the Labor Retirement Reserve Fund Account of the Bank of Taiwan. Under the R.O.C. Labor Standards Law that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement.

(1) Composition of Plan Assets

The retirement fund provided by the Company is according to the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund” managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Labor Fund Bureau"), concerning the utilization of the fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

As of the reporting date, the balance of the Company's Labor Retirement Reserve Account of the Bank of Taiwan is NT$9,800 thousand. Information on the labor retirement fund's asset utilization, including fund yield and asset allocation, can be found on the website of the Labor Fund Bureau.

(2)Movements in the present values of the defined benefit obligation

Movements in the present values of the defined benefit obligation for the years 2022 and 2021 were as follows:

		2022	2021
Defined benefit obligation, beginning of year	$	(11,090)	(10,370)
Current service cost and interest		(77)	(48)
Remeasurement of net defined benefit asset (liability)		2,285	(672)
Benefits paid from plan assets		595	-
Defined benefit obligation, end of year	$	(8,287)	(11,090)

(3)Movements in the fair value of the plan assets

Movements in the fair value of the plan assets were as follows

		2022	2021
Fair value of the plan assets, beginning of year	$	9,156	8,516
Expected return on plan assets		65	41
Remeasurement of net fined benefit asset (liability)		692	108
Contributions to the plan		482	491
Benefits paid from plan assets		(595)	-
Fair value of the plan assets, end of year	$	9,800	9,156

(4)Expenses recognized in profit or loss

Expenses recognized in profit or loss for the years 2022 and 2021 were as follows:

		2022	2021
Net interest of the net defined benefit asset (liability)	$	12	7
Cost of revenue	$	3	107
Marketing expenses		3	116
General and administrative expenses		2	(382)
Research and development expenses		4	166
	$	12	7

(5) Remeasurement of components recognized in other comprehensive income of the net defined benefit asset (liability)

Remeasurement of components recognized in other comprehensive income of the net defined benefit asset (liability) for the years 2022 and 2021 were as follows:

		2022	2021
Accumulated balance, beginning of year	$	(6,534)	(5,970)
Recognition in the current period		2,977	(564)
Accumulated balance, end of year	$	(3,557)	(6,534)

(6) Actuarial assumptions

The significant actuarial assumptions used by the Company in determining the present value of the defined benefit obligation were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.29%	0.69%
Future salary increase rate	1.50%	1.50%

The Company expects to make contributions of NL$467 thousand to the defined benefit plans in the next year starting from December 31, 2022.

The weighted average duration of the defined benefit obligation is 3 years.

(7)Sensitivity analysis

The impact of changes in the main actuarial assumptions used as of December 31, 2022, and 2021 on the present value of the defined benefit obligation was as follows:

		Impact on defined benefit obligations	
		Increase by 0.25 %	Decrease by 0.25 %
December 31, 2022			
Discount rate	$	(133)	136
Future salary increase rate		115	(113)
December 31, 2021			
Discount rate		(183)	188
Future salary increase rate		158	(155)

The above sensitivity analysis analyzes the impact of a single assumption change, while other assumptions remain unchanged. In practice, changes in many assumptions may be interrelated. The sensitivity analysis is consistent with the method used to calculate the net retirement benefit liability in the balance sheet.

The method and assumptions used for the sensitivity analysis prepared for the current period are the same as those used in the previous period

2.Defined contribution plan

The defined contribution plan of the Company is established under the Labor Pension Act, which requires a contribution rate of 6% of the employee's monthly salary to be deposited into the individual pension account of the Labor Pension Fund managed by the Bureau of Labor Insurance. Under this plan, the company contributes a fixed amount to the Bureau of Labor Insurance and therefore has no further statutory or implied obligations to pay additional amounts.

The Company recognized pension expenses under the defined contribution plan of NT$13,029 thousand and NT$12,454 thousand for the years ended December 31, 2022 and 2021, respectively, already contributed to the Bureau of Labor Insurance.

(12)Income Tax

1.Income tax expense

(1) Income tax expense for the years ended December 31, 2022 and 2021 is as follows:

		Year Ended December 31, 2022	Year Ended December 31, 2021
Current income tax expense			
Current tax expense recognized in the current year	$	99,700	81,748
Income tax expense on undistributed surplus earnings		3,071	5,251
Income tax adjustments on prior years		(2,167)	11,894
		100,604	98,893
Deferred income tax expense (benefit)			
The origination and reversal of temporary differences		(32,408)	1,072
Income tax expense	**$**	**68,196**	**99,965**

(2) Income tax expense relating to components of other comprehensive income for the years ended December 31, 2022 and 2021 is as follows:

		Year Ended December 31, 2022	Year Ended December 31, 2021
Items not reclassified in profit or loss:			
Remeasurement of defined benefit plan	**$**	**595**	**(113)**

(3) Reconciliation of income before income tax and income tax expense recognized in profit or loss for the years ended December 31, 2022 and 2021 is as follows:

		Year Ended December 31, 2022	Year Ended December 31, 2021
Income before tax	$	288,802	354,041
Income tax expense at the statutory rate		57,760	70,808
Estimation over prior period		(2,167)	11,894
Changes in temporary differences not recognized		15,868	6,984
Losses from capital reduction of domestic investee companies		(10,590)	-
Net gains or losses from domestic investments recognized under equity method		(54)	5,018
Tax on undistributed surplus earnings		3,071	5,251
Nondeductible expenses and others		4,308	10
	$	**68,196**	**99,965**

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred tax assets (liabilities)

As of December 31, 2021, and 2022, temporary differences related to investment in subsidiaries are not recognized as deferred tax assets (liabilities) because the Company controls the timing of the reversal of these temporary differences and it is expected that they will not be reversed in the foreseeable future. The related amounts are as follows:

	December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investment in subsidiaries	$ 312,800	233,460
Amount not recognized as deferred income tax assets (liabilities)	$ 62,561	46,693

(2) Recognized deferred income tax assets and liabilities

Movements of the deferred income tax assets and liabilities for the years ended December 31, 2022 and 2021 is as follows:

	Defined benefit plan	Foreign investment gains recognized under equity method	Unrealized exchange gains and others	Total
Deferred income tax liabilities:				
Balance at January 1, 2022	$ 444	-	17,755	18,199
Debit/(Credit) profit or loss	94	-	(17,755)	(17,661)
Balance at December 31, 2022	$ 538	-	-	538
Balance at January 1, 2021	$ 347	7,679	5,539	13,565
Debit/(Credit) profit or loss	97	(7,679)	12,216	4,634
Balance at December 31, 2021	$ 444	-	17,755	18,199

	Inventory depreciation and obsolescence	Unrealized exchange losses and others	Total
Deferred income tax assets:			
Balance at January 1, 2022	$ 30,339	2,746	33,085
(Debit)/Credit profit or loss	403	14,344	14,747
(Debit)/Credit other comprehensive income	-	(595)	(595)
Balance at December 31, 2022	$ 30,742	16,495	47,237
Balance at January 1, 2022	$ 26,586	2,824	29,410
(Debit)/Credit profit or loss	3,753	(191)	3,562
(Debit)/Credit other comprehensive income	-	113	113
Balance at December 31, 2021	$ 30,339	2,746	33,085

3. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(13) Capital and other equities

1. Capital stock

As of December 31, 2022 and 2021,the total authorized capital of the Company was both NT$1,500,000 thousand with par value of NT$10 per share, totaling 150,000 thousand shares. The issues shares amounted to 80,306 thousand shares and all the subscription fees for the issued shares have been collected.

2. Capital surplus

The contents of the Company's capital surplus are as follows:

		December 31, 2022	December 31, 2021
Additional paid-in capital	$	592,400	592,400
Capital surplus generated from the redemption of convertible bonds – treasury stock		46	46
Capital surplus from the recognition of equity items related to the creditors' demand for the buyback of convertible bonds		48,478	48,478
	$	640,924	640,924

Under the Company Act, capital surplus shall be used to offset losses before any distribution can be made to shareholders in proportion to their original shareholding in the form of new shares or cash. The realized capital surplus referred to in the preceding paragraph includes the surplus obtained from the issuance of shares at a premium over their par value and the surplus obtained from receiving gifts. According to the guidelines for the handling of the issuance and offering of securities by issuers, capital surplus may be allocated for capital replenishment, and the total amount allocated annually shall not exceed 10% of the paid-in capital.

The capital surplus recognized as an equity item due to the issuance of convertible bonds by the Company is not included in the capital surplus items stipulated in Article 241 of the Company Act and cannot be used for capital increase according to law.

As of December 31, 2021, and 2022, the realized capital surplus that can be distributed by the Company in the form of new shares or cash, under Article 241 of the Company Act, is NT$592,400 thousand.

3.Retained earnings

In accordance with the Company's Articles of Incorporation, if there are earnings in the annual financial statements of the Company, the Director's remuneration and employee benefits shall be provided for first before tax, and after being approved for distribution by the Board of Directors, the legal taxes and donations shall be paid, and then set aside a legal capital reserve at 10% of the remaining earnings. However, if the accumulated legal capital reserve equals the Company's paid-in capital, this limit shall not apply. In addition, a special surplus reserve of the same amount as the reduction in shareholders' equity items that occurred in the current year shall be allocated. When the reduction in shareholders' equity items is reversed, a portion of it may be transferred to the current year's earning distribution. If there are still earnings, along with undistributed earnings accumulated from the previous year, the Board of Directors shall prepare a proposal for profit distribution, and when issuing new shares, it shall be submitted to the shareholders' meeting for approval of distribution.

According to the provision in Article 240, paragraph 5 of the Company Act, the Board of Directors of the Company is authorized to distribute dividends and bonuses, or all or part of the statutory retained earnings and capital surplus specified in Article 241, paragraph 1 of the Company Act, through cash distribution, subject to a resolution passed by a two-thirds or more attendance of the directors and a majority of the attending directors, and to report to the shareholders' meeting.

The industry to which the Company belongs is currently in a growth stage. The dividend distribution policy should take into account factors such as the Company's current and future investment environment, capital requirements, domestic and international competition, and capital budgeting, while considering shareholder interests, balancing dividends, and the Company's long-term financial planning. The Board of Directors shall formulate a distribution proposal each year under the law and submit it to the shareholders' meeting. The Company may consider factors such as financial, business, and operational performance when determining the dividend distribution. If the Company has earnings available for distribution in the current year, the general principle is to allocate an amount not less than 30% of the after-tax net profit of the current year for dividends, and the cash dividends to be distributed are expected to account for at least 50% of the dividends payable to shareholders.

(1)Legal capital reserve

If the Company incurs no loss, the legal capital reserve may be distributed as dividends in cash or stocks provided that the amount distributed from such earnings shall not exceed 25% of the paid-in capital with the resolution of the shareholders' meeting.

(2)Special capital reserve

The Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity. The Company shall also add the amount of current period undistributed profits after tax plus other items after tax included in the current year to the undistributed earnings of the current period and the prior period and appropriate it to the special capital reserve. If there is a reduction in other equity of the prior period accumulated by shareholders, it cannot be distributed from the appropriation of special surplus reserves for undistributed earnings of the prior period. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

(3)Earnings distribution

The Company resolved on March 4, 2022, and March 12, 2021, respectively, by the Board of Directors, the cash dividend amounts for the earnings distribution of the years 2021 and 2020. The amounts for other earnings distribution items of the years 2021 and 2020, which relate to the distribution of dividends to shareholders, were approved respectively by the Shareholders' Meeting on June 15, 2022, and July 5, 2021. The amounts of the dividends distributed to shareholders are as follows:

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Dividend rate (NT$)	**Amount**	**Dividend rate (NT$)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash dividends	$ 2.0	160,612	2.5	200,765

The appropriations of 2022 earnings has been approved by the Company's Board of Directors in its meeting on March 10, 2023. The amounts of the dividends distributed to shareholders are as follows:

	Year Ended December 31, 2022	
	Dividend rate (NT$)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash dividends	$ 1.5	120,459

Information about the appropriation of earnings can be obtained through channels such as the "Market Observation Post System" website.

(14)Earnings per share

1. Basic EPS

The basic earnings per share of the Company for the years 2022 and 2021 were calculated based on the net income available to the Company's common equity holders and the weighted average number of outstanding common shares. The relevant calculations are as follows:

(1) Net income available to common shareholder

		Year Ended December 31, 2022	Year Ended December 31, 2021
Net income for the period available to common shareholder	$	220,606	254,076

(2) Weighted average number of common shares outstanding (in thousands)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Weighted average number of common shares outstanding (in thousands)	80,306	80,306

		Year Ended December 31, 2022	Year Ended December 31, 2021
(3)Basic EPS (in dollars)	$	2.75	3.16

2. Diluted EPS

The diluted earnings per share for the years 2022 and 2021 are calculated based on the net income available to the ordinary equity holders of the Company, adjusted for the dilutive effect of all potential ordinary shares, using the weighted average number of ordinary shares outstanding during the period. The relevant calculations are as follows:

(1) Net income available to common shareholders (Diluted)

		Year Ended December 31, 2022	Year Ended December 31, 2021
Net income available to common shareholders (Diluted)	$	220,606	254,076

(2) Weighted average number of common shares outstanding (Diluted) (in thousands)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Weighted average number of common shares outstanding (Basic)	80,306	80,306
Employees' stock compensation	1,130	857
Weighted average number of common shares outstanding (Diluted)	81,436	81,163

		Year Ended December 31, 2022	Year Ended December 31, 2021
(3)Diluted EPS (in dollars)	$	2.71	3.13

(15)Revenue from contracts with customers

1.Disaggregation of revenue

		Year Ended December 31, 2022	Year Ended December 31, 2021
Main regional markets:			
Taiwan	$	1,680,655	2,707,185
Mainland China		8,558,801	10,065,270
Other countries		850,869	1,160,006
	$	11,090,325	13,932,461
Main products:			
Lithium-Ion Battery Packs	$	11,023,249	13,858,746
Others		67,076	73,715
	$	11,090,325	13,932,461

2.Contract balances

	December 31, 2022	December 31, 2021	December 31, 2020
Accounts receivable (including related parties)	$ 2,904,502	4,517,286	3,928,920
Less: Loss allowance	(2,983)	(3,900)	(3,900)
	$ 2,901,519	4,513,386	3,925,020
Contract liabilities—Advance receipts	$ 12,252	42,867	51,047

For the disclosure of accounts receivable (including related parties) and their impairments, please refer to Note 6 (2).

The Company recognized revenue from the beginning balance of contract liability, which amounted to NT$31,774 thousand and NT$27,119 thousand for the years ended December 31, 2022 and 2021, respectively.

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation when transferring goods or services to customers and the customer's payment.

(16)Profit sharing bonus to employees and compensation to directors

According to the Company's Articles of Incorporation, the Company shall allocate profit-sharing bonuses to employees of the Company and compensation to directors between 3% and 12% and not more than 3% of annual profits during the period, respectively. When the company still has accumulated losses, it should reserve the amount for compensation in advance. The recipients of the aforementioned employee profit-sharing bonuses in the form of stocks or cash may include employees of controlling or subsidiary companies who meet certain conditions, and the conditions and distribution methods are determined by the authorized board of directors.

The estimated amounts of the Company's profit sharing bonus to employees for the years 2022 and 2021 were NT$32,908 thousand and NT$30,897 thousand, respectively. The estimated amounts of the Company's compensation to directors for the years 2022 and 2021 were NT$7,372 thousand and NT$7,724 thousand, respectively. These estimates were based on the percentage of employee and director compensation specified in the Company's Articles of Incorporation, calculated by multiplying the pre-tax net profit for each respective period by the specified percentage. These estimated amounts are included in the operating expenses for the years 2022 and 2021.

There is no difference between the aforementioned approved amounts and the amounts charged against earnings of 2022 and 2021 respectively. Information about the appropriations of the Company's profit sharing bonus to employees and compensation to directors is available at the Market Observation Post System website.

(17)Other income and expenses

1. The details of other income of the Company for the years 2022 and 2021 are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Sales of obsolete materials	$ 19,673	-
Write-off of overdue payable gains	9,010	-
Others	2,928	2,291
	$ 31,611	2,291

2. The details of other expenses of the Company for the years 2022 and 2021 are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Compensation loss	$ 35,976	-
Others	21	132
	$ 35,997	132

(18) Financial instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit risk exposure.

(2) Concentration of credit risk

The Company's customers are concentrated in the large high-tech computer industry customer group. To reduce credit risk from accounts receivable, the Company continuously evaluates the financial condition of its customers and may request collateral or guarantees if necessary. The Company also regularly evaluates the possibility of recovering accounts receivable and sets aside allowances for impairment losses, with the total impairment losses within the expectations of the management. As of December 31, 2022, and 2021, 79% and 82% of the accounts receivable balance, respectively, were from two major customers, resulting in a significant concentration of credit risk for the Company."

(3) Credit risk of accounts receivable and debt securities

For information on credit risk exposure of accounts receivables, please refer to Note 6 (2).

Financial assets measured at amortized cost, including other receivables and fixed-term deposits, are low-credit-risk financial assets. Therefore, the provision for expected credit losses for the period is measured based on a 12-month expected credit loss (For an explanation of how the Company determines low credit risk, please refer to Note 4 (6)).

The bank deposits and fixed-income investments held by the company have counterparties and obligors which are banks with good creditworthiness and financial institutions with investment-grade or higher credit ratings, therefore, considered as low credit risk.

Movements in loss allowances as of December 31, 2022, and 2021 for other receivables are as follows:

	Other receivables	
	Year Ended December 31, 2022	**Year Ended December 31, 2021**
End balance (i.e., beginning balance)	$ 2,261	2,261

2. Liquidity risk

The following table shows the maturity dates of financial liabilities, including the impact of estimated interest.

	Contract cash flow	**Less than 1 year**	**Between 1 – 5 years**
December 31, 2022			
Non-derivative financial liabilities:			
Short-term loans	$ (647,275)	(647,275)	-
Accounts payable (including related parties)	(1,710,064)	(1,710,064)	-
Other payables	(279,409)	(279,409)	-
Lease liabilities (including portions due within 1 year)	(14,646)	(5,731)	(8,915)
Long-term loans	(1,034,467)	(19,056)	(1,015,411)
	$ (3,685,861)	(2,661,535)	(1,024,326)

December 31, 2021

Non-derivative financial liabilities:			
Short-term loans	$ (1,252,612)	(1,252,612)	-
Accounts payable (including related parties)	(2,626,770)	(2,626,770)	-
Other payables	(229,573)	(229,573)	-
Lease liabilities (including portions due within 1 year)	(16,121)	(4,953)	(11,168)
Long-term loans	(662,045)	(6,741)	(655,304)
	$ (4,787,121)	(4,120,649)	(666,472)

The Company does not anticipate that the cash flows analyzed based on the maturity date will occur significantly earlier, or that the actual amount will differ significantly

3.Foreign currency risk

(1)Foreign currency risk exposure

The information on the Company's assets and liabilities that are exposed in foreign currency risks:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 102,106	USD/NTD =30.71	3,135,675	171,300	USD/NTD =27.68	4,741,579
CNY	271	CNY/NTD =4.4080	1,195	205	CNY/NTD =4.344	889
Financial liabilities						
Monetary items						
USD	79,613	USD/NTD =30.71	2,444,915	113,505	USD/NTD =27.68	3,141,829

(2) Sensitivity analysis

The foreign exchange risk of the Company's monetary items mainly arises from cash and cash equivalents, accounts receivable, other receivables, notes and accounts payable, and other payables denominated in foreign currencies, which generate foreign exchange gains or losses when converted. Assuming that, as of December 31, 2022, the exchange rate of the New Taiwan Dollar relative to the US Dollar and Chinese Yuan depreciates or appreciates by 5% while all other factors remain unchanged, the impact on the Company's profit before tax for the year 2022 and 2021 is as follows:

		Year Ended December 31, 2022	Year Ended December 31, 2021
USD (relative to NTD)			
Appreciates by 5%	$	34,538	79,988
Depreciates by 5%		(34,538)	(79,988)
CNY (relative to NTD)			
Appreciates by 5%		60	44
Depreciates by 5%		(60)	(44)

(3)Exchange (loss) gain of monetary items

Total exchange (loss) gain, (including realized and unrealized) on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to NT$143,424 thousand and NT$37,259 thousand.

4.Interest rate analysis

The details of the Company's financial assets and liabilities exposed to interest rate risk are as follows:

		Carrying amount	
		December 31, 2022	December 31, 2021
Fixed rate instruments:			
Financial assets	$	-	-
Financial liabilities		(211,758)	(240,000)
	$	(211,758)	(240,000)
Variable rate instruments:			
Financial assets	$	882,008	384,359
Financial liabilities		(1,430,802)	(1,660,603)
	$	(548,794)	(1,276,244)

The interest rate risk of the Company's financial assets and liabilities is explained in the liquidity risk management section of the attached notes. The sensitivity analysis below is determined based on non-derivative instruments' interest rate risk as of the reporting date. For floating rate assets and liabilities, the analysis assumes that the amount of outstanding liabilities on the reporting date remains outstanding for the entire year. The fluctuation range of interest rates is evaluated by the Company's management using a 0.25% increase or decrease in the rate, which represents a reasonable range of possible interest rate changes.

Assuming that the interest rate increases or decreases by 0.25% and all other variables remain constant, our profit before tax for the year 2022 and 2021 will decrease or increase by NT$1,372 thousand and NT$3,191 thousand, respectively, as primarily due to the Company's current deposits and bank loans of variable rate.

5. Fair value information

(1) Types of financial instruments and fair value

The carrying amount and fair value (including fair value hierarchy information, but those for which the carrying amount is a reasonable approximation of fair value, as well as lease liabilities, which are not required to disclose fair value information according to regulations.") of various types of financial assets and financial liabilities of the Company are listed below:

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 883,630	-	-	-	-
Accounts receivable (including related parties)	2,901,519	-	-	-	-
Other receivables	5,325	-	-	-	-
Guarantee deposits paid	2,233	-	-	-	-
	$ 3,792,707				
Financial liabilities measured at amortized cost:					
Short-term loans	$ 642,560	-	-	-	-
Accounts payable (including related parties)	1,710,064	-	-	-	-
Other payables	279,409	-	-	-	-
Lease liabilities (including portions due within 1 year)	14,400	-	-	-	-
Long-term loans	1,000,000	-	-	-	-
	$ 3,646,433				

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 385,478	-	-	-	-
Accounts receivable (including related parties)	4,513,386	-	-	-	-
Other receivables	12,001	-	-	-	-
Guarantee deposits paid	2,233	-	-	-	-
	$ 4,913,098				
Financial liabilities measured at amortized cost:					
Short-term loans	$ 1,250,603	-	-	-	-
Accounts payable (including related parties)	2,626,770	-	-	-	-
Other payables	229,573	-	-	-	-
Lease liabilities (including portions due within 1 year)	15,770	-	-	-	-
Long-term loans	650,000	-	-	-	-
	$ 4,772,716				

(2) Valuation techniques and assumptions used in financial instruments fair value measurement

A.Non-derivative financial instruments

For financial instruments that have an active market and a publicly quoted price, their fair value is determined using the publicly quoted price on the active market. The market price announced by the Central Government Securities Centralized Trading System for major exchanges and bonds judged as popular securities is the basis for the fair value of listed (OTC) equity instruments and debt instruments with publicly quoted prices.

B. The fair value of derivative instruments is measured using publicly quoted prices.

When a publicly quoted price cannot be obtained, an estimation method is used, and the estimation and assumptions used, as well as the discount rate used, are based on quotation information from financial institutions.

C. The fair value of other financial assets and financial liabilities, excluding those mentioned above, is determined using a generally accepted pricing model based on discounted cash flow analysis.

(3) There were no transfers between fair value hierarchy levels for the years ended December 31, 2022 and 2021.

(19) Financial Risk Management

1.Summary

The Company is exposed to the following risks due to the use of financial instruments:

(1) Credit Risk

(2) Liquidity Risk

(3) Market Risk

This note expresses the disclosure information of the Company's exposure to the above risks, as well as the Company's objectives, policies, and procedures for measuring and managing risks. For further quantitative disclosures, please refer to the respective notes in the parent company only financial statements.

2. Risk Management Framework

The Company's financial management department provides services to each business unit, coordinating and managing the Company's financial risks related to its operations in the domestic and international financial markets by supervising and managing internal risk reports analyzing the severity and breadth of exposure. The Company avoids risks through natural hedging to mitigate the impact of these risks. The use of financial instruments is governed by policies approved by the Company's Board of Directors, including written principles for the use of foreign exchange risk, interest rate risk, credit risk, non-derivative financial instruments, and investment of residual liquidity. Internal auditors continuously review compliance with policies and exposure limits. The Company does not engage in financial instrument transactions for speculative purposes.

3. Credit Risk

Credit risk refers to the risk of financial loss that the Company may incur as a result of a counterparty's failure to fulfill contractual obligations in transactions with customers or financial instruments. It mainly arises from the Company's accounts receivable and bond investments.

(1) Accounts Receivable and Other Receivables

The Company has established a credit policy that requires individual credit analysis of each new customer based on credit ratings before granting standard payment and shipping conditions and terms. The Company's review includes, where available, external ratings and, in some cases, bank inquiries. Purchasing limits are established for each customer and represent the maximum outstanding amount that does not require approval from the general manager. These limits are regularly reviewed. Customers who do not meet the Company's credit rating standards may only transact with the company on a prepayment basis.

The Company's credit risk exposure is mainly affected by the individual circumstances of each customer. However, the management also considers statistical data on the Company's customer base, including the default risk of customers' industries and countries, which may also affect credit risk. The Company's customers are primarily in the broad high-tech computer industry customer group. To reduce credit risk from accounts receivable, the Company continues to evaluate customers' financial conditions and may require collateral or guarantees as necessary. The Company also regularly assesses the likelihood of collecting accounts receivable and sets aside provisions for losses, with impairment losses always within the management's expectations. When monitoring credit risk, customers are grouped based on their credit characteristics, including whether they are individuals or corporate entities; whether they are dealers, retailers, or end customers; geographic regions, industries, account ages, due dates, and past financial difficulties. Customers assessed as high-risk are classified in a restricted customer list, and future sales with such customers must be made on a prepayment basis.

The Company has established an allowance for doubtful accounts to reflect estimates of losses already incurred on accounts receivable and other receivables and investments. The allowance account mainly consists of specific loss components related to individual significant defaults and group loss components established for losses already incurred but not yet identified for similar asset groups. Group loss allowance accounts are determined based on historical payment statistics for similar financial assets.

(2) Investments

Bank deposits and fixed income investments are measured and monitored by the Company's finance department. Because the Company's counterparties and performance parties are banks with good credit and financial institutions with investment grade or higher, with no significant performance concerns, there is no significant credit risk.

(3) Guarantee

The Company policy stipulates that financial guarantees can only be provided to subsidiaries. As of December 31, 2022, and 2021, the company's information on guarantees provided to subsidiaries is detailed in Note 7 and Note 13 (1) respectively."

4. Liquidity Risk

Liquidity risk refers to the risk that the Company may be unable to meet its financial obligations by delivering cash or other financial assets, thus failing to fulfill its related obligations.

The Company manages and maintains sufficient cash and cash equivalents to support its operations and reduce the impact of cash flow fluctuations. The Company's management supervises the use of bank financing facilities and ensures compliance with loan contract terms.

Bank loans are an important source of liquidity for the Company. The unused bank financing facilities as of December 31, 2022, and 2021 are detailed in Notes 6 (8) and 6 (9), respectively.

5. Market Risk

Market risk refers to the risk that the Company's earnings or the value of its financial instruments may be affected by changes in market prices, such as exchange rates, interest rates, and equity prices. The objective of market risk management is to control the degree of market risk within acceptable limits and optimize investment returns.

(1) Foreign Exchange Rate Risk

The Company is exposed to foreign exchange rate risk arising from sales, purchases, and borrowing transactions denominated in currencies other than the Company's functional currency. The Company's functional currency is mainly in New Taiwan dollars, and the main currencies used in these transactions are New Taiwan dollars, US dollars, and Chinese Yuan.

The Company hedges against foreign exchange rate risk for at least receivables and payables denominated in foreign currencies. The Company mainly hedges foreign exchange rate risk for foreign currency deposits or loans within one year from the reporting date.

(2) Interest Rate Risk

The Company borrows funds at a floating interest rate, thereby generating cash flow risk.

(3)Other market price risk

The Company does not hold any equity securities and therefore has no risk of changes in equity instrument prices.

(20)Capital management

Based on the current operational characteristics and future development of the company, and taking into account external environmental changes, the Company has planned its capital management to ensure that it has the necessary financial resources and operational plans to support future needs such as working capital, capital expenditures, research and development expenses, debt repayment, and dividend payments. The management determines the optimal capital structure of the Company using an appropriate debt-to-equity ratio to maintain a sound capital base while optimizing the balance between debt and equity to enhance shareholder returns. The debt-to-equity ratio as of the reporting date is shown below:

	December 31, 2022	December 31, 2021
Total liabilities	$ 3,858,172	5,016,955
Total equity	2,585,475	2,506,044
Debt-to-equity ratio	149%	200%

The debt-to-equity ratio as of December 31, 2022 is lower than that of December 31, 2021, primarily due to a decrease in accounts payable in the current period

(21)Investment and financing activities through non-cash transactions

1. In 2022 and 2021, the Company's investment activities through non-cash transactions involved obtaining the right to use assets through lease arrangements. Please refer to Note 6 (7) for details.

2.The adjustment of liabilities from financing activities is shown in the table below:

	January 1, 2022	Cash flows	Changes in non-cash flows Changes in lease payments	December 31, 2022
Short-term loans	$ 1,250,603	(608,043)	-	642,560
Lease liabilities	15,770	(7,150)	5,780	14,400
Long-term loans	650,000	350,000	-	1,000,000
	$ 1,916,373	(265,193)	5,780	1,656,960

	110.1.1	Cash flows	Changes in non-cash flows Changes in lease payments	110.12.31
Short-term loans	$ 800,000	450,603	-	1,250,603
Lease liabilities	3,606	(5,249)	17,413	15,770
Long-term loans	-	650,000	-	650,000
	$ 803,606	1,095,354	17,413	1,916,373

7、Related party transaction

(1)Related party name and categories

During the reporting period of this parent company only financial statement, the subsidiary companies of the Company and other related parties who have transactions with the Company are as follows:

Related party name	Related party categories
Advance Smart Industrial Limited (ASIL)	Subsidiaries
Celxpert (Kunshan) Energy Co., Ltd. (Celxpert(Kunshan))	〃
PT. Celxpert Energy Indonesia(Celxpert(Indonesia))	〃
KEELGO ENERGY CO., LTD. (Keelgo Energy, originally Keelgo Energy Company Limited)	〃
Inspire Stars Limited (Inspire)	Was a related party in substance before November 4, 2022
CHOU YUAN-HSIANG	〃

(2)Significant transactions with related parties

1.Net revenue

The significant sales amount of the Company to related parties is as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Subsidiaries	$ 52,844	23,642

There is no comparable market price for the Company's sales to related parties. The credit period for sales to related parties is 120 days, while the credit period for general customers is 30-90 days.

2.Outsourcing fees

The outsourcing fees paid by the Company to related parties are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Subsidiaries－ASIL	$ 320,652	1,132,014
Subsidiaries－Celxpert(Kunshan)	570,439	-
	$ 891,091	1,132,014

Before May 2022, the Company entrusted Celxpert (Kunshan) for processing through ASIL's supply. Since June 2022, the Company has directly supplied Celxpert (Kunshan) for processing. The price of finished products repurchased by the Company through triangular trade includes the amount of sales of raw materials. The above transactions have been offset in the financial statements and are not treated as purchases. They are presented as processing fees.

3.Accounts receivable from related parties

Details of the accounts receivable from related parties arising from sales transactions and accounts receivable/payable for and on behalf of related parties of the Company are as follows:

Item	Related party categories	December 31, 2022	December 31, 2021
Accounts receivable	Subsidiaries	$ 22,695	11,431
Other receivables	〃	796	11
		$ 23,491	11,442

4.Property transactions

(1) In a previous year, the Company sold machinery and equipment to ASIL, and the unrealized profit from the transaction was recorded as a deduction from long-term equity investments. The profit from the sale was recognized over the useful life of the machinery and equipment. As of December 31, 2022 and 2021, the unrealized profit from the transaction amounted to CNY 354 thousand and CNY 404 thousand respectively.

(2) In December 2022, the Company participated in a cash capital increase of CNY 85,000 thousand in Keelgo and reduced its shareholding from 100% to 85.15%. Please refer to Note 6 (5) for details.

5.Royalty fees

The Company signed a technology licensing agreement with Keelgo, and related royalty fees were recorded as operating expenses. The details are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Subsidiaries - Keelgo	$ 13,434	-

6.Technical service fees

The Company provided after-sales service support to its customers who are related parties, and the related fees were recorded as sales expenses. The details are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Subsidiaries - Keelgo	$ 7,038	-

7.Payables to related parties

The Company incurred payables due to outsourced processing, royalty fees, after-sales service fees, and collection and payment fees. These amounts were offset against each related party and the remaining balances were paid according to the funding needs of each subsidiary. The details are as follows:

Item	Related party categories	December 31, 2022	December 31, 2021
Accounts payable	Subsidiaries－ASIL	$ 97,060	176,191
Accounts payable	Subsidiaries－Celxpert(Kunshan)	18,576	-
Other payables	Subidiaries－Keelgo	21,495	-
		$ 137,131	176,191

8.Commission expenses

The Company incurred commission expenses and end-of-period payable commissions through other related parties acting as intermediaries in related sales transactions. These were recorded as operating expenses and other payables, respectively. The details are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Commission expenses:		
Others－Inspire	$ 89,218	77,820

	December 31, 2022	December 31, 2021
Commissions payable:		
Others－Inspire	$ -	40,028

The related parties mentioned above were related to the Company before November 4, 2022, and only transactions with related parties before that date are disclosed.

9.ervices expense

The Company engaged other related parties to provide labor services since August 2021, and the details are as follows:

	Services expense (Recognized as operating expenses)		Services expense payable (Recognized as other payables)	
	Year Ended December 31, 2022	Year Ended December 31, 2021	December 31, 2022	December 31, 2021
Others	$ 854	469	-	105

The related parties mentioned above were related to the Company before November 4, 2022, and only transactions with related parties before that date are disclosed.

10.Endorsement guarantee

	December 31, 2022	December 31, 2021
Subsidiaries—Celxpert(Kunshan)	$ 245,680 (US$8,000 thousand)	221,440 (US$8,000 thousand)
Subsidiaries—(Celxpert(Nantong))	66,120 (CNY$15,000 thousand)	-
Subsidiaries—Keelgo	120,000	-
	$ 431,800	221,440

11.Loans to related parties

On May 6, 2022, the Board of Directors approved a loan of CNY 10,000 thousand to Keelgo to meet its short-term funding needs, with an annual interest rate of 1%. As of December 31, 2022, the loan has not been used.

(3) Transactions of key management personnel

The compensation of key management personnel includes:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Short-term employee benefits	$ 17,499	15,104
Post-employment benefits	541	433
	$ 18,040	15,537

8 Assets pledged: none

9 Significant contingent liabilities and unrecognized commitments: none

10 Significant disaster losses: none

11 Significant subsequent events

(1) To repay bank loans, the Company has decided to conduct a cash capital increase by issuing new shares and issuing the third unsecured convertible corporate bond in Taiwan on March 10, 2023, as resolved by the Board of Directors.

1. Cash capital increase: The Company plans to issue 8,000 thousand shares with a par value of NT$10 per share, and the tentative issue price is NT$28 per share.
2. Third unsecured convertible corporate bonds in Taiwan: The total maximum amount of issuance is NT$400,000 thousand, with a three-year issuance period and a coupon rate of 0%.

12 Others

(1) The summary of employee benefits, depreciation, and amortization expenses by function is as follows

Function / **Nature of expenses**	**Year Ended December 31, 2022**			**Year Ended December 31, 2021**		
	Included in cost of sales	**Included in operating expenses**	**Total**	**Included in cost of sales**	**Included in operating expenses**	**Total**
Benefit expenses						
Salary expenses	43,560	242,640	286,200	35,930	229,899	265,829
Labor and health insurance expense	4,850	20,405	25,255	4,142	20,261	24,403
Retirement benefit expense	2,244	10,797	13,041	2,001	10,460	12,461
Director remuneration	-	7,477	7,477	-	9,727	9,727
Other employee benefit expense	4,678	12,553	17,231	4,485	13,445	17,930
Depreciation expense	8,353	44,014	52,367	8,634	38,994	47,628
Amortization expense	-	3,475	3,475	-	4,289	4,289

Additional information regarding the number of employees and employee benefit expenses for the years 2022 and 2021 is provided below:

	Year Ended December 31, 2022	**Year Ended December 31, 2021**
Number of employees	360	350
Number of directors who are not employees	7	7
Average employee benefit expenses	$ 968	935
Average employee salary expenses	$ 811	775
Adjustments made to average employee salary expenses	4.6%	
Remuneration for supervisors	$ -	-

Information regarding the company's compensation policy for salaries (including directors, executives, and employees) is provided below:

1. Compensation to directors

In accordance with Article 28 of the Company's Articles of Incorporation, if the annual financial statements show a profit, up to 3% of the profit before tax will be allocated as compensation to directors for that year. The remuneration will be accounted for in accordance with the "Director Remuneration Payment Procedures" of the Company and will be submitted for review and approval by the Compensation Committee and the Board of Directors.

2. Executive compensation

By the "Salary Management Regulations" and "Welfare Benefits Operations Regulations" of the Company, relevant performance evaluations and compensation standards are reviewed and approved by the Compensation Committee and the Board of Directors before being issued.

3. Employee compensation

Employee compensation: Handled by the Company's "Salary Management Regulations", "Welfare Benefits Operations Regulations", "Performance Evaluation Management Regulations" and "Reward and Punishment Management Regulations" and other related compensation and rewards policies.

In addition to the basic salary, the employee's main compensation includes:

(1) Employee profit-sharing bonuses: If the Company has profits in the annual financial statements, 3% to 12% of the profits will be allocated to employee profit-sharing before tax, under Article 28 of the Company's articles of incorporation, and will be distributed based on individual performance and contribution to the Company.

(2) Year-end bonus: Issued based on the Company's operational performance and individual performance evaluations of employees.

(3) Annual promotion and salary adjustment: Promotions and salary adjustments are made annually based on the individual performance of employees and the Company's operational performance.

13 Additional disclosures

(1)Information on significant transactions

Based on the provisions of the Financial Statements Preparation Guidelines for Securities Issuers in the year 2022, the significant transaction information that the Company should disclose is as follows:

1. Loans to others:

In Thousand of New Taiwan Dollars

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for bad debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)
													Item	Value		
0	The Company	Keelgo Energy	Other receivables	Yes	10,000	10,000	-	1%	2	-	Operating capital	-	None	-	258,548	517,095

Note 1: The numbering method is as follows:
1.0 represents the parent company
2.1 represents a subsidiary company

Note 2：1. represents a party with business transactions.
2. represents the necessity of short-term financing.

Note 3： Under the "Operation Procedure for Fund Lending to Others" of the Company, the total amount of fund lending shall not exceed 20% of the net worth as stated in the Company's most recently audited or reviewed financial statements by the accountant. For companies or banks that require short-term financing from the Company, the amount of individual loans shall not exceed 10% of the net worth of the Company.

2.Endorsements/guarantees provided:

In Thousands of Foreign Currencies

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	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	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary□	Guarantee Provided to Subsidiaries in Mainland China□
		Name	Nature of relationship										
0	The Company	Celxpert(Kunshan)	Sub-subsidiary	1,034,190	245,680 (US$8,000)	245,680 (US$8,000)	245,680 (US$8,000)	-	9.50%	1,034,190	Y	-	Y
0	The Company	Celxperts(Nantong)	Sub-subsidiary	1,034,190	66,120 (CNY15,000)	66,120 (CNY15,000)	66,120 (CNY15,000)	-	2.56%	1,034,190	Y	-	Y
0	The Company	Keelgo Energy	Subsidiary	258,548	120,000	120,000	38,633	-	4.64%	1,034,190	Y	-	-

Note 1： The total amount of endorsements and guarantees provided by the Company to third parties shall not exceed 40% of the latest net worth as reported in the financial statements. The maximum limit for endorsements and guarantees provided to a single enterprise, except for subsidiaries in which the Company directly or indirectly holds more than 90% of the ordinary shares, shall not exceed 40% of the current net worth. For all other enterprises, the maximum limit shall not exceed 10% of the latest net worth as reported in the financial statements.

Note 2： The US dollar is converted to New Taiwan dollars using the exchange rate of 30.71 at the end of the period, while the Chinese yuan is converted to New Taiwan dollars using the exchange rate of 4.408 at the end of the period.

3. The situation of held securities at the end of the period (excluding investments in subsidiaries, affiliated enterprises, and joint venture equity): None.

4. Cumulative purchase or sale amount of the same securities reaches NT$300 million or 20% of the paid-in capital: None.

5. The acquisition amount of real estate reaches NT$300 million or 20% of the paid-in capital: None.
6. Disposal amount of real estate reaches NT$300 million or 20% of the paid-in capital: None.
7. Sales or purchases with related parties reached NT$100 million or 20% of the paid-in capital:

In Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable and Receivable		Note
			Purchases/Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
The Company	ASIL	Subsidiary	Processing fees	320,652	3 %	Based on funding needs	Under the Company's pricing policies	Adjustment based on funding needs	Accounts payable (97,060)	(6) %	Note 2
ASIL	The Company	Parent	(Processing income)	(320,652)	(100) %	〃	〃	〃	Accounts payable 97,060	100 %	-
The Company	Celxpert(Kunshan)	Subsidiary	Processing fees	570,439	6 %	〃	〃	〃	Accounts payable (18,576)	- %	Note 2
Celxpert(Kunshan)	The Company	Parent	(Processing income)	(570,439)	(63) %	〃	〃	〃	Accounts payable 18,576	- %	-
ASIL	Celxpert(Kunshan)	Same ultimate parent company	Processing fees	331,574 (US$11,125)	99 %	〃	〃	〃	Accounts payable -	- %	-
Celxpert(Kunshan)	ASIL	〃	(Processing income)	(331,574) (US$(11,125))	(37) %	〃	〃	〃	Accounts payable -	- %	-

Note 1：The USD amounts were converted into NTD using the exchange rate of 30.71 or the average exchange rate of 29.8044 on the balance sheet date.

Note 2：The balance represents the net amount of commissions paid for processing and the sale of raw materials.

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None
9. Engaged in derivative trading: None

(2)Information on investee

Related information of investees (excluding information on investment in mainland China) for the year ended December 31, 2022

In Thousands of Shares / US Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying Value			
The Company	CHL	British Virgin Islands	Overseas holding company	752,490	752,490	24,631	100%	517,142	(77,182)	(75,215)	Subsidiary
〃	Celxpert (Indonesia)	Indonesia	manufacturing, processing, and sales of battery packs and power supply related products.	40,767	40,767		100%	10,346	(4,125)	(4,125)	Subsidiary
〃	Keelgo Energy	Taiwan		158,290	73,290	8,600	85.15%	94,158	210	271	Subsidiary
CHL	ASIL	British Virgin Islands	research and development of energy technology and information software."	1,536 (US$50)	1,536 (US$50)		100%	97,566 (US$3,177)	119 (US$4)	Investment gains and losses recognized by CHL	Sub-subsidiary
〃	CHK	Hong Kong	Overseas holding company	436,696 (US$14,220)	436,696 (US$14,220)	14,220	100%	197,465 (US$6,430)	(56,002) (US$(1,879))	〃	〃
〃	CEIL	SAMOA	〃	US$-	US$-	(Note 1)	100%	US$-	US$-	〃	〃
〃	CPEI	〃	〃	307,100 (US$10,000)	307,100 (US$10,000)	10,000	100%	232,536 (US$7,572)	(21,549) (US$(723))	〃	〃

Note 1：Only the registration for the establishment has been completed, and the capital has not yet been invested

Note 2：The US dollar is converted to New Taiwan dollars using the exchange rate of 30.71 on the balance sheet date or the average exchange rate of 29.8044.

(3)Information on investment in Mainland China

1. Related information of investees in mainland China:

In Thousand of Shares/US Dollars

Investee Company	Main business and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated Outflow of investment from Taiwan as of January 1, 2022 (Note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022 (Note 2)	Net income (losses) of the investee company	Percentage of ownership	Share of profits/losses (Note 1)	Carrying amount as of balance as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Celxpert(Kunshan)	Business of producing and selling parts for primary batteries and primary battery packs	Audited capital： 460,650 (US$15,000)	Indirect investment through CHK	436,236 (US$14,205)	-	-	436,236 (US$14,205)	(56,002) (US$(1,879))	100%	(56,002) (US$(1,879))	179,285 (US$5,838)	-
Celxpert(Nantong)	Business of producing and selling parts for primary batteries and primary battery packs	Audited capital： 307,100 (US$10,000)	Indirect investment through CPEI	307,100 (US$10,000)	-	-	307,100 (US$10,000)	(21,549) (US$(723))	100%	(21,549) (US$(723))	232,536 (US$7,572)	-
Celxpert(Changchun)	Business of recycling automotive batteries and electronic components	(Note 3)	Indirect investment through CEIL	-	-	-	-	-	-%	-	-	-

2. Restrictions on investment in Mainland China：

In Thousands of US Dollars

Accumulated Investment in Mainland China as of S December 31, 2022	**Investment Amounts Authorized by Investment Commission, MOEA**	**Upper Limit on Investment**
743,336 (US$24,205)	754,852 (US$24,580)	1,551,285

Note 1：The investment gains or losses for this period were recognized based on the financial statements audited by the Taiwan parent company's certified public accountant.

Note 2：The US dollar was converted to New Taiwan dollars at the exchange rate of either 30.71 on the balance sheet date or an average rate of 29.8044.

Note 3： Only the registration for establishment has been completed, and the capital has not been invested yet.

3.Significant transaction items

For the year ended December 31, 2022, significant transaction items between the Company and the mainland investee companies, either directly or indirectly, please refer to the "Disclosure of Significant Transaction Items" for details.

(4)Information on major shareholder: None

14 Segment information

Please refer to the parent company only financial statements for the year ended December 31, 2022.

Celxpert Energy Corporation
Statement of cash and cash equivalents
December 31, 2022

In Thousands of New Taiwan Dollars

Item	Description	Amount
Petty cash and cash in banks	Cash in New Taiwan dollar and foreign currency	$ 1,155
Checking accounts	New Taiwan dollar	467
Demand deposits	New Taiwan dollar	600,292
	Foreign currency (US$9,154 thousand and CNY 139 thousand)	281,716
		882,475
		$ 883,630

Note： The foreign exchange rate for USD is 1 USD to 30.71 NTD, and the exchange rate for CNY is 1 CNY to 4.408 NTD.

Celxpert Energy Corporation
Statement of notes and accounts receivable, net
December 31, 2022

In Thousands of New Taiwan Dollars

Client Name	Description	Amount
Accounts Receivable：		
1242 Company	Non-related party revenue	$ 2,094,351
1000 Company	〃	189,280
Others (Note)	〃	598,176
		2,881,807
Less: Loss Allowance		(2,983)
		$ 2,878,824

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

Celxpert Energy Corporation
Statement of inventories
December 31, 2022

In Thousands of New Taiwan Dollars

Item		Costs	Market price
Raw Materials	$	840,038	874,699
Work in process		47,924	54,748
Finished goods		854,583	903,531
	$	**1,742,545**	**1,832,978**

Note ：The market price is based on net realizable value.

Celxpert Energy Corporation
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022

In Thousands of New Taiwan Dollars/Shares

Investees	Balance, January 1, 2022		Additions in investment		Decrease in investment		Increase (Decrease) in using the equity method	Unrealized exchange difference – profit or loss	Unrealized gains	Balance, December 31, 2022			Net asset Value	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	%	Amount		
Celxpert Holdings Limited (BVI)	24,631	$ 574,175	-	-	-	-	(75,215)	18,536	-	24,631	100%	517,496	521,352	None
PT. Celxpere Energy Indonesia	18	14,471	-	-	-	-	(4,125)	-	-	18	99.99%	10,346	10,346	〃
Keelgo Energy Co. Ltd.	7,050	10,368	8,500	85,000	(6,950) (Note 1)	(1,481) (Note 2)	271	-	-	8,600	85.15%	94,158	94,158	〃
Unrealized gains	-	(404)	-	-	-	-	-	-	50	-	-	(354)		
		$ 598,610		85,000		(1,481)	(79,069)	18,536	50			621,646		

Note 1: The reduction of capital is to offset the accumulated losses.
Note 2: For not subscribing to the cash capital increase of the investee company in accordance with the proportion of shares held, the retained earnings have been adjusted and decreased by NT$1,481 thousand within the period.

Celxpert Energy Corporation
Movement summary of property, plant equipment
Year Ended December 31, 2022

Please refer to Note 6 (6)

Celxpert Energy Corporation
Details of Short-term Loans
December 31, 2022

In Thousands of New Taiwan Dollars

Creditor	Description	Contract Period	Interest Rate	Credit Line	Collagenized or pledge	Ending balance
Cathay United Bank	Credit loans	111.8~112.8	0.8%~5.1%	$ 200,000	無	$ 192,182
The Shanghai Commercial & Savings Bank, LTD.	〃	111.3~112.3	0.84%~5.25%	307,100	〃	103,188
E. Sun Bank	〃	110.12~111.12	3.74%~5.17%	211,758	〃	211,758
Bank of Panhsin	〃	111.3~112.3	1%~5.71%	150,000	〃	135,432
				$ 868,858		$ 642,560

Celxpert Energy Corporation
Statement of Accounts Payables
December 31, 2022

In Thousands of New Taiwan Dollars

Vendor Name	Description	Amount
Accounts Payable:		
Zhuhai CosMX Battery Co., Ltd.	Purchases from non-related parties	$ 316,109
Amperex Technology Limited	〃	123,008
Shanghai BYD Co. Ltd.	〃	372,258
Others (Note)	Purchases from non-related parties	783,053
		$ 1,594,428

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

Celxpert Energy Corporation
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2022

In Thousands of New Taiwan Dollars

Item	Summary	Amount
Other accrued expenses	Accrued employee benefits, import and export expenses, warranty expenses, and mold payments, etc.	$ 133,004
Salaries and bonuses payable	Salaries and estimated year-end bonuses for December 2021	54,280
Employee and director compensation payables		45,667
Commission payables		33,942
Others (Note)		12,516
		$ 279,409

Note: The amount of each item in others does not exceed 5% of the account balance.

Celxpert Energy Corporation
STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2022

Creditor	Type	Loan Amount	Contract Period	Interest Rate	Collateralize or pledge
Mega International Commercial Bank	Operating revolving funds	$ 100,000	111.8~113.8	2.00%	-
Bank SinoPac	〃	200,000	111.9~113.9	2.00%	-
First Commercial Bank	〃	250,000	111.11~113.11	1.83%	-
CTBC Bank	〃	200,000	111.11~113.11	1.85%	
Chang Hwa Bank	〃	100,000	111.3~113.3	1.83%	
Land Bank of Taiwan	〃	150,000	111.8~113.8	1.98%	-
		1,000,000			
Long-term loans, current portion		-			
		$ 1,000,000			

Celxpert Energy Corporation
STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECMBER 31, 2022

In Thousands of New Taiwan Dollars

Item	Quantity (In thousands)	Amount
Lithium-Ion Battery Packs	19,768	$ 11,023,249
Other		67,076
		$ 11,090,325

Celxpert Energy Corporation
STATEMENT OF COST OF SALES
FOR THE YEAR ENDED DECEMBER 31, 2022

In Thousands of New Taiwan Dollars

Item	Amount
Raw materials, beginning of year	$ 918,869
Raw material purchased	9,032,857
Raw materials, end of year	(954,870)
Materials used in outsourcing	(8,422,184)
Cost of raw material sales	(83,426)
Raw materials used and other adjustments	(11,830)
Total raw materials used in the current period	479,416
Direct labor	43,100
Manufacturing expenses	1,118,817
Manufacturing cost	1,641,333
Work in process, beginning of year	67,075
Semi-finished goods warehousing	2,641,166
Work in process, end of year	(53,174)
Materials used in outsourcing	(2,624,564)
Cost of work in process sales	(564)
work in process goods used and other adjustments	(914)
Cost variances and other adjustments	708
Cost of finished goods	1,671,066
Finished goods, beginning of year	905,577
Cost of goods received from outsourcing	9,510,587
Cost variances and other adjustments	218,721
Finished goods end of year	(888,209)
Materials used in outsourcing	(232,369)
Outsourcing cost transferred to manufacturing overhead	(1,084,814)
Other departmental usage reclassified as expenses and other adjustments	(22,816)
Cost of finished goods sold	10,077,743
Cost of raw material and work in process sales and others	83,990
Loss of inventory valuation	2,015
Loss of inventory scrap	187
Royalty and others	23,614
	$ 10,187,549

Celxpert Energy Corporation
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

In Thousands of New Taiwan Dollars

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll expense	$ 47,970	106,892	105,947
Import and export expense	42,502	-	-
Commission expense	119,483	-	-
Services expense	-	14,075	583
Depreciation	2	21,302	22,710
Certification expense	-	-	36,478
Consumables	566	390	10,267
Others (Note)	28,450	57,822	28,802
	$ 238,973	**200,481**	**204,787**

Note: The items in others with amounts that do not exceed 5% of the account balance are not separately presented.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1.Financial Status: The main causes and impacts of major changes in assets, liabilities, and equity in the most recent two years. If the impact is significant, disclose the future countermeasures.

Item / Year	2022	2021	Difference	
			Amount	%
Current Assets	5,804,202	6,982,260	(1,178,058)	(16.87)
Property, Plant and Equipment	691,224	588,749	102,475	17.41
Surface Right Assets	29,237	24,179	5,058	20.92
Intangible Assets	5,596	8,764	(3,168)	(36.15)
Other Assets	66,915	55,577	11,338	20.40
Total Assets	6,597,174	7,659,529	(1,062,355)	(13.87)
Current Liabilities	2,952,338	4,463,269	(1,510,931)	(33.85)
Non-current Liabilities	1,042,940	690,215	352,725	51.10
Total Liabilities	3,995,278	5,153,484	(1,158,206)	(22.47)
Share Capital	803,059	803,059	0	0.00
Capital Surplus	640,924	640,924	0	0.00
Retained Earnings	1,102,621	1,041,726	60,895	5.85
Other Equity	38,871	20,335	18,536	91.15
Equity Attributable to Owners of the Parent Company	2,585,475	2,506,044	79,431	3.17
Non-controlling Interests	16,421	1	16,420	1,642,000.00
Total Equity	2,601,896	2,506,045	95,851	3.82

1. Cause of changes in the difference: (for changes are greater than 20% and the difference amount is over NT$10 million)
   (1)Increase in Other Assets: Due to an increase in the deferred income tax asset.
   (2)Decrease in Current Liabilities: Due to decreases in the short-term loan and account payables.
   (3)Increase in Non-current Liabilities: Due to an increase in the mid-long term loans to increase mid-term operation fund.
   (4)Increase in Other Equity: Due to an increase in the accumulated adjustments.
   (5)Increase in Non-controlling Interests: Due to a cash capital increase through an employee stock ownership plan in our subsidiary, Keelgo Energy, resulting in the shareholding of the Company in Keelgo Energy has decreased.
2. Disclose future countermeasures for major impacts: None.

7.2. Financial Performance

1. The main causes and impacts of major changes in operating revenue, operating income, and net income before tax in the most recent two years, and sales forecast and its reason. Disclose the possible impact on the company's finance and business and future countermeasures.

Unit: NT$ thousands

Year / Item	2022	2021	Difference	
			Amount	%
Gross Operating Revenue	11,099,590	13,954,161	(2,854,571)	(20.46)
Cost of Sales	10,103,023	12,804,023	(2,701,000)	(21.09)
Gross Profit	996,567	1,150,138	(153,571)	(13.35)
Operating Expenses	809,437	804,531	4,906	0.61
Operating Income (Loss)	187,130	345,607	(158,477)	(45.85)
Non-operating Income and Expense	102,082	19,507	82,575	423.31
Income Before Tax	289,212	365,114	(75,902)	(20.79)
Income Tax Expense	68,667	111,038	(42,371)	(38.16)
Net Profit for the Period	220,545	254,076	(33,531)	(13.20)

1. Cause of changes in the difference: (for changes are greater than 20% and the difference amount is over NT$10 million)

(1) Decrease in operating revenue and cost of sales: Mainly due to the impact of the economic downturns, as there was a decline in customer end-demand, leading to a decrease in inventory turnover of customers, and the revenue and cost were reduced compared to last year.

(2) Decrease in operating income: Mainly due to the impact of the economic downturns, as there was a decline in customer end-demand, leading to a decrease in inventory turnover of customers and the revenue and cost were reduced compared to last year. The Operating expenses were maintained at last year's level, resulting in a decrease in the operating income.

(3) Increase in non-operating income and expense:

1 Increase in other income: Mainly due to the sale of sluggish materials, resulting in an increase in other income.

2 Increase in interest expense: Mainly due to rising interest rate in 2022, resulting in an increase in the loan cost.

3 Increase in foreign exchange benefit: Mainly due to the transaction was mainly calculated in USD which stayed strong in 2022 because of the rising interest rate. The Company's currency asset position is greater than its liability, therefore a net foreign exchange benefit was generated.

4 Increase in miscellaneous expenditures: Mainly due to the estimated compensation cost of NT$35,976 thousand for abnormal product quality.

(4) Income Before Tax: Mainly due to the impact of the economic downturns, as there was a decline in customer end-demand, leading to a decrease in inventory turnover of customers, and the revenue and cost were reduced compared to last year, resulting in a decrease in the income before tax.

(5) Income Tax Expense: Mainly due to a decrease in the operating revenue to the previous year, resulting in a decrease in the income tax expense to last year.

(6) Net Profit for the Period: Mainly due to the impact of the economic downturns, as there was a decline in customer end-demand, leading to a decrease in inventory turnover of customers, and the revenue and cost were reduced compared to last year, resulting in a decrease in the operating income and the net profit after tax.

2. Sales forecast and its reason. Disclose the possible impact on the company's finance and business and future countermeasures.

As the Company has not prepared or disclosed any financial forecasts, the sales forecast and its reason do not apply to the Company. Furthermore, there have been no significant abnormalities in the overall performance of the Company, so it is not necessary to develop any countermeasure plans at this time.

7.3. Cash Flow: Analysis of cash flow changes in the most recent year, improvement plans for insufficient liquidity, and analysis of cash liquidity for the coming year.

(1) Analysis of cash flow changes in the most recent two years

Unit: NT$ thousands

Item	2022	2021	Difference	
			Amount	%
Net cash flow from operating activities	1,084,860	(909,558)	1,994,418	(219.27)
Net cash flow from investing activities	(230,733)	(199,049)	(31,684)	15.92
Net cash flow from financing activities	(399,992)	890,104	(1,290,096)	(144.94)
1. An increase in the net cash inflow from operating activities is mainly due to a decrease in the account receivables. 2. An increase in the net cash outflow from investing activities is mainly due to an increase in the acquisition of property, factory and equipment in this period. 3. An increase in the net cash outflow from financing activities is mainly due to the repayment of short-long-term loans in this period.				

(2) Analysis of cash liquidity for the coming year.

(1) Analysis of cash flow changes in the coming year

A. Operating activities: Mainly from the increasing profit of 2023, it is expected that there will be a net cash inflow from the operating activities in the future.

B. Investing activities: Mainly from the increasing capital expenditure, it is expected that there will be a net cash outflow from investing activities.

C. Financing activities: Mainly from the projected cash capital increase and third domestic non-guaranteed convertible corporate bond and repayment of bank loans.

(2) Leveraging measures of cash deficit: None.

7.4. Impact of major capital expenditure in the most recent year to the finance and business of the Company: None.

7.5. Investment policy in the most recent year, main causes for its profit or loss, improvement plan, and investment plan for the next year

1. Investment policy of the Company

In order to respond to market competition and strengthen our core capabilities, the Company has engaged in investment projects within our industry. These investment initiatives aim to expand our marketing network and enhance strategic alliances, with the goal of achieving the overall operational performance target for the company.

2. 2022 Investment profit or loss and its improvement plan

Unit: NT$ thousands / US$ thousands

Investee Companies	Shareholding by the End of Period	2022 P/L of the Investee	Main Cause for Profit or Loss	Improvement Plan	Investment Plan for the Next Year
Celxpert Holdings Limited (BVI)	100%	(77,182)	The Company recognized the 2022 investment losses of Creative Power Enterprises Inc. and Celxpert Energy(H.K)Limited for $21,549 thousand, and NT$ 56,002 thousand, respectively, by the equity method.	—	Depends on the market situation.
Celxpert Energy (H.K.) Limited	100%	(56,002) (US$(1,879))	Mainly due to recognizing the 2022 investment loss of Celxpert(Kunshan)Energy Co.,Ltd for $56,002 thousand by the equity method.	—	Depends on the market situation.
Advance Smart Industrial Limited (BVI)	100%	119 (US$4)	It is an overseas holding company.	—	Depends on the market situation.
Celxpert Energy International Limited（SAMOA）	100%	—	It is just completed the establishment procedure, and the capital is not yet inputted in.	—	Depends on the market situation.
Creative Power Enterprises Inc (SAMOA)	100%	(21,549) (US$(723))	Mainly due to recognizing the 2022 investment loss of Celxpert (Nantong) Energy Corporation LTD for $21,546 thousand by the equity method.	—	Depends on the market situation.
Celxpert(Kunshan)Energy Co.,Ltd	100%	(56,002) (US$(1,879))	It is positioned as the production center within the group. The Company shall take orders and prepare materials before outsourcing to Celxpert(Kunshan)Energy Co.,Ltd to make processing income.	Continue to promote automated production processes to improve efficiency and reduce costs.	Depends on the market situation.
Celxpert (Nantong) Energy Corporation LTD	100%	(21,549) (US$(723))	The factory in 2022 was still under construction. It has tried some small batches of production in the leased factory, and the production volume has not yet reached an economic scale.	During the initial period, the production line has not yet been mass-produced.	Depends on the market situation.
P.T. Celxpert Engergy Indonesia	100%	(4,125)	It has not yet reached an economic scale.	Develop customer sources to obtain orders, and increase revenue and profit.	Depends on the market situation.
KEELGO ENERGY CO., LTD	85.15%	210	It is positioned as the R&D team in the group. The orders received are produced by the Company. It has not yet reached an economic scale in 2022.	Actively develop new products, open up new orders, and increase revenue and profit.	Depends on the market situation.

7.6. Analysis of risk management in the most recent year and as of the date of printing of this annual report

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates, and Inflation on Corporate Finance, and Future Response Measures

1. Impact to the corporate finance Unit: NT$ thousands

Item	2021	2022
Net interest income (expense)	(11,861)	(34,831)
Net foreign exchange income (expense)	30,606	142,080
Net interest income/expense as a percentage of net income	(0.08)%	(0.31)%
Net interest income/expense as a percentage of Income Before Tax	(3.25)%	(12.04)%
Net foreign exchange P/L as a percentage of net income	0.22%	1.28%
Net foreign exchange P/L as a percentage of Income Before Tax	8.38%	49.13%

2. Effects of changes in interest rates on corporate finance and future response measures

The main factors contributing to the interest rate risk for the Company and its subsidiaries in 2021 and 2022 are the variable interest rate borrowings, as well as the variable interest rate current and term deposits. In 2021, the interest expenses amounted to NT$13,412 thousand, while interest income was NT$1,551 thousand. In 2022, the corresponding figures were NT$38,583 thousand for interest expenses and NT$3,752 thousand for interest income. The Company and its subsidiaries conduct regular evaluations of the currency market interest rates and monitor financial market information. We implement appropriate measures to mitigate the impact on the Company and its subsidiaries caused by interest rate fluctuations.

3. Effects of changes in foreign exchange rates on corporate finance, and future response measures

The Company and its subsidiaries primarily engage in export sales, with a significant portion of our purchases and sales denominated in foreign currencies. As a result, most of the foreign currency positions can be offset through the mutual settlement of trade receipts and payments, achieving a natural hedging effect. For the remaining net positions, we adopt a conservative foreign exchange strategy. Based on the Company's funding requirements and the prevailing foreign exchange market conditions, we execute foreign currency conversions to New Taiwan dollars to minimize our exposure to foreign currency risks. This approach aims to reduce the net foreign currency positions of our company and its subsidiaries and minimize exchange rate risks.

4. Effects of changes in inflation on corporate finance, and future response measures

The Company and its subsidiaries strictly control costs and, depending on the inflationary conditions, appropriately reflect them in product prices. We also adjust inventory levels in response to inflationary conditions, ensuring that we are prepared to address any potential impact.

(2) Policies, main causes of gain or loss, and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions

1、The Company did not engage in high-risk, high-leveraged investment, and any lending or endorsement guarantees in the most recent year and as of the printing date of this annual report.

2、Endorsement Guarantees

The Company provided endorsement guarantees to our subsidiary, Celxpert(Kunshan)Energy Co.,Ltd, with a guaranteed amount of US$ 8,000 thousand for 2021 and 2022. In 2022, it also provided endorsement guarantees to our subsidiary, KEELGO ENERGY CO., LTD, with a guaranteed amount of NT$ 120,000 thousand, and to its second-tier subsidiary, Celxpert (Nantong) Energy Corporation LTD, with a guaranteed amount of CNY$ 15,000 thousand. The endorsement guarantees provided by the Company undergo a careful evaluation process and are managed in accordance with the "Procedures for Making of Endorsements/Guarantees" established by the competent authorities, the Company, and its subsidiaries. Regular audits are conducted, and announcements are made in compliance with relevant laws and regulations.

3、The Company and its subsidiaries adopt a natural hedging approach through direct sales and purchases of foreign currencies to manage foreign currency net positions. Apart from this method, the Company and its subsidiaries do not engage in transactions involving other derivative financial instruments. If there is a need to conduct transactions involving other derivative instruments in the future due to business development, they will be carried out in accordance with the " Procedures for Acquisition and Disposal of Assets" established by the Company and its subsidiaries. Additionally, all relevant transaction information will be announced in a timely and accurate manner in compliance with laws and regulations.

(3) Future Research & Development Projects and Corresponding Budget

The future allocation of R&D expenses by the Company will be prudently determined based on the company's operating condition. The allocation of R&D expenses will be reviewed and adjusted annually based on the company's operational status.

(4) Effects of and Response to Changes in Domestic and Foreign Policies and Regulations Relating to Corporate Finance

In the recent fiscal year, there have been no significant impacts on the Company's financial operations resulting from important domestic or international policy and legal changes. However, we remain vigilant in monitoring any changes in the business environment. Whenever necessary, we will seek advice from professional entities such as accountants and lawyers to adjust our operational strategies accordingly.

(5) Effects of and Response to Changes in Technology (Including Cyber Security) and the Industry Relating to Corporate Finance

The Company remains vigilant in monitoring relevant technological changes, (including cyber security risks), to assess their impact on our operations. We continue to allocate resources to R&D efforts, particularly in the area of battery safety and other technological advancements. As of now, there have been no significant technological changes, including cyber security risks, that have had a major impact on our financial operations.

(6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company focuses on its core business operations, and there is no such thing as a change in corporate image that has resulted in corporate risk management.

(7) Expected Benefits from, Risks Relating to, and Response to Merger and Acquisition Plans: None.

(8) Expected Benefits from, Risks Relating to, and Response to Factory Expansion Plans: The Board of Directors of the Company resolved at the meeting on March 12, 2021 to purchase a property and as of the printing date of this annual report, there is no other determined target.

(9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

(1) Evaluation and response measures of excessive concentration of purchasing sources

The Company's main procurement items consist of components required for battery modules, such as cells and ICs. Therefore, our suppliers primarily focus on providing these aforementioned components. As our customers mainly include manufacturers of laptop computers, power tools, and networking products, their requirements for product quality, functionality, cost, and delivery time are extremely strict. Therefore, we prioritize the procurement of components from suppliers who have undergone evaluation and are deemed qualified. For our major materials procurement, the Company adheres to the principle of maintaining relationships with at least two or more suppliers. We also review the product quality and financial status of our suppliers on an ad-hoc basis to ensure a consistent supply of high-quality materials and prevent any potential shortages.

(2) Evaluation and response measures of excessive customer concentration

The Company's main source of revenue comes from the sales of laptop computer battery modules and power tool battery modules. Our primary customers are well-known domestic and international manufacturers of laptop computers and power tools. We have always placed great emphasis on product quality and have established a strong reputation among our customers. As a result, we have maintained a certain market share. Currently, our main customers are still prominent manufacturers of laptop computers and power tools, both domestically and internationally. However, in the future, we will actively develop energy storage applications and expand our customer base to reduce dependency on concentrated sales.

(10) Effects, and Response Measures of Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: There was no large share transfer in the most recent year and as of the printing date of this annual report.

(11) Effects, and Response Measures of Risks Relating to and Response to the Changes in Management Rights

The directors, supervisors, or shareholders with shareholdings of over 10% of the Company and its subsidiaries have actively participated in the management of the company in the most recent year. Moving forward, we will continue to adhere to a prudent management philosophy and strive to gain the support and recognition of all shareholders for our management team. Therefore, we do not foresee any significant risks of changes in management rights in the Company.

(12) Litigation or Non-litigation Matters. If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, de facto responsible person, a major shareholder with a stake of more than 10 percent, or its subsidiaries and the matter was finalized or remained pending. Disclose the facts in dispute, the amount in dispute, commencement date, main parties involved, and case status as of the current fiscal year up to the prospectus publication date

The Company was subject to an investigation by the Northern Region Mobile Task Force of the Ministry of Justice Investigation Bureau regarding an alleged violation of the Securities and Exchange Act on March 25, 2021. The Company has actively cooperated with the investigative authorities, providing relevant evidence to clarify the situation. On June 29, 2022, the Taoyuan District Prosecutors Office resolved a non-prosecution disposition conclusion, indicating that there was no evidence of wrongdoing by our Chairman Shih-Ming Huang, in relation to the violation of the Securities and Exchange Act. Pursuant to Article 256, Paragraph 3 of the Code of Criminal Procedure, the case has been submitted for reconsideration. As of now, neither the Company nor the Chairman has been summoned for further proceedings.

Furthermore, the Taoyuan District Prosecutor's Office has filed charges against Chairman Shih-Ming Huang on the grounds of violating the Business Entity Accounting Act. The Chairman has appealed in accordance with the law. The financial statements of the Company have been prepared in accordance with the Financial Reporting Guidelines for Securities Issuers, internationally recognized financial reporting standards endorsed by the Financial Supervisory Commission, and International Financial Reporting Standards, providing a fair presentation and have been subject to audit and attest by the auditing firm KPMG Taiwan. There is no evidence of falsification or concealment.

The Company believes that the charges are a result of a difference in understanding between the internal accounting practices and the investigating authorities. Subsequently, the Company will provide further evidence and present its case to the court in order to clarify the situation. The case is currently in the investigation stage, and as of now, there is no active evidence indicating any improper or illegal actions by the Company. The financial and operational aspects of the Company have not been affected by the aforementioned incident, and there have been no significant impacts on shareholders' equity or securities prices.

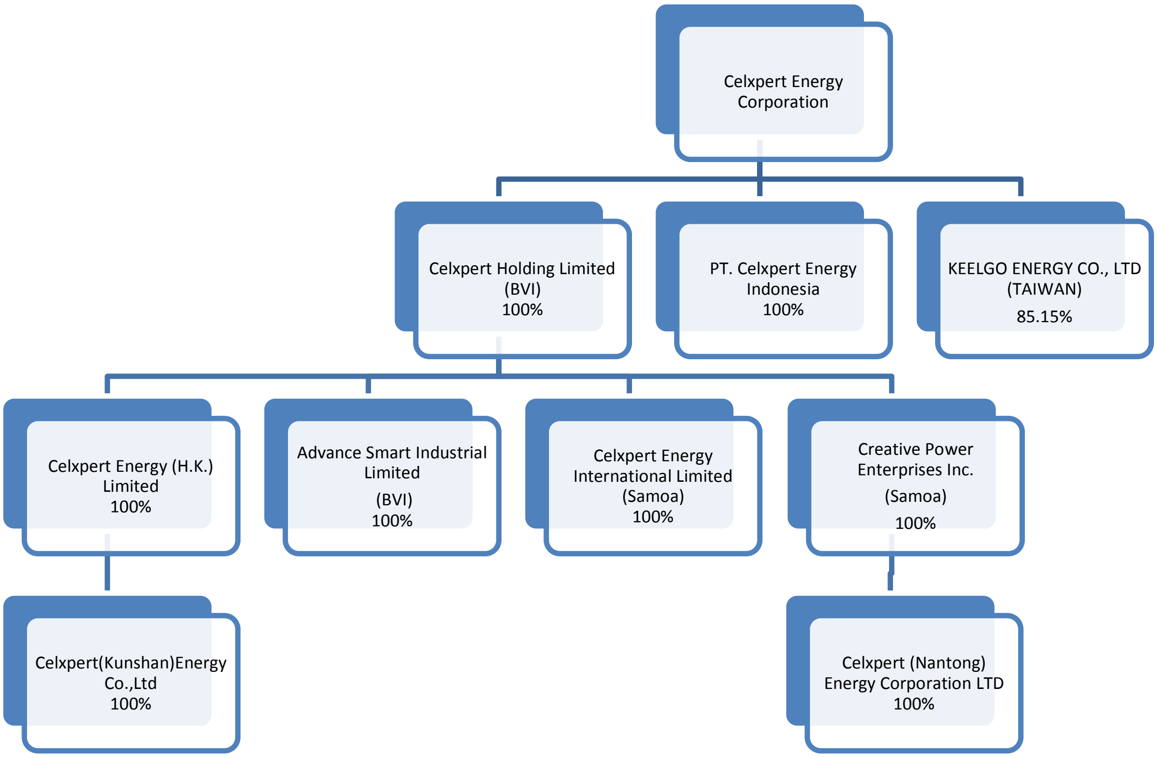
(13) Other Major Risks: None.

7.7. Other Important Matters: None.

VIII. Special Notes

8.1. Affiliates Information

(1) Affiliated Companies Structure



(2)Basic Information of Affiliated Enterprises　　Unit:thousands

Company Name	Date of establishment	address	Paid-in capital	Main business or production items
Celxpert Holdings Limited(BVI)	2000.07.18	P.O.Box3152,Road Town,Tortola,British Virgin Islands	USD24,631	Overseas holding company
PT.CELXPERT ENERGY INDONESIA	2016.01.13	JL.Raya Purwakarta-Subang,Kampung Cijoged RT/RW 04/01,Desa Lengkong,Kecamatan Cipeundeuy,Kabupaten Subang,Jawa Barat41272 Indonesia	USD1,350	Manufacturing, processing and trading of battery packs and power supply related products
KEELGO ENERGY CO., LTD	2017.01.11	5F-10, No. 18, Taiyuan Street, Zhubei City, Hsinchu County,R.O.C	TWD101,000	Research and development of energy technology and information software
Advance Smart Industrial Limited(BVI)	2002.09.12	P.O.Box957,Offshore Incorporations Centre,Road Town,Tortola,British Virgin Islands	USD50	import and export trade
Celxpert Energy(H.K.) Limited	2008.07.14	Room 804, Sino Center, 582-592 Nathan Road, Mongkok, Kowloon, Hong Kong	USD14,220	Overseas holding company
Celxpert Energy International Limited	2011.08.24	Le Sanslele Complex,Ground Floor Vaea Street,Saleufi PO Box 1868,Apia Samoa	-	Overseas holding company
Creative Power Enterprises Inc	2018.11.21	Level 2,Lotemau Centre Building,Vaea Street,Apia,Samoa	USD10,000	Overseas holding company
Celxpert(Kunshan)Energy Co.,Ltd	2000.09.19	No. 1111, Hanpu Road, Hi-Tech Park, Kunshan City, Jiangsu Province, China	USD15,000	Manufacture and sale of parts for primary batteries and primary battery packs

Celxpert (Nantong) Energy Corporation LTD	2021.01.22	Group 13, Zushimiao Village, Haian City, Nantong City, Jiangsu Province,China	USD10,000	Manufacture and sale of parts for primary batteries and primary battery packs

(3) The relationship between the Company and its affiliated enterprises, cross-shareholding ratios, numbers of shares held, and actual investment amounts

December 31, 2022；Unit: thousand shares；%；NT$ thousands；US$ thousands

Company	Relation with the Company	Affiliates Shareholding by the Company			Shares held by the affiliates
		Number of shares held	Shareholding ratio (%)	Investment Amount (Book value)	—
Celxpert Holdings Limited (BVI)	Subsidiary	24,631	100.00	752,490	—
PT Celxpert Energy Indonesia	Subsidiary	18	100.00	40,767	—
KEELGO ENERGY CO., LTD	Subsidiary	8,600	85.15	158,290	—
Advance Smart Industrial Limited (BVI)	2nd Tier Subsidiary	50	100.00	1,536 (US$50)	—
Celxpert Energy (H.K.) Limited	2nd Tier Subsidiary	14,220	100.00	436,696 (US$14,220)	—
Celxpert Energy International Limited（SAMOA）	2nd Tier Subsidiary	Note 1	100.00	Note 1	—
Creative Power Enterprises Inc (SAMOA)	2nd Tier Subsidiary	10,000	100.00	307,100 (US$10,000)	—
Celxpert(Kunshan)Energy Co.,Ltd	3rd Tier Subsidiary	Note 2	100.00	436,236 (US$14,205)	—
Celxpert (Nantong) Energy Corporation LTD	3rd Tier Subsidiary	Note 2	100.00	307,100 (US$10,000)	—

Note 1: Only the registration is completed, the capital is not yet invested in.
Note 2：It is a limited company.

(4) Common Shareholders among Controlling and Controlled Entities: None.

(5) Business Scope of the Company's Affiliates and Disclose the collaboration status

1. Business Scope of the Company's Affiliates: Business of manufacturing and distributing components for primary batteries and battery packs.
2. The collaboration status between the Company's affiliates: The Company has established a subsidiary in Kunshan, China to meet the delivery requirements of our customers in mainland China. The subsidiary is responsible for production, manufacturing, and sales operations in the Chinese market.

(6) Backgrounds of Directors, Supervisors, and Presidents of Affiliated Enterprises

December 31, 2022; Unit: thousand shares

Name of Company	Title	Name or Representative	Shareholding	
			Shares	Shares
Celxpert Holdings Limited (BVI)	Director	Representative of Celxpert Energy Corporation: Shih-Ming Huang	24,631	100%
Celxpert Energy (H.K.) Limited	Director	Representative of Celxpert Holdings Limited: Shih-Ming Huang	14,220	100%
Advance Smart Industrial Limited (BVI)	Director	Representative of Celxpert Holdings Limited: Shih-Ming Huang	50	100%
Celxpert Energy International Limited(SAMOA）	Director	Representative of Celxpert Holdings Limited: Shih-Ming Huang	(Note 2)	100%
Creative Power Enterprises Inc (SAMOA)	Director	Representative of Celxpert Holdings Limited: Shih-Ming Huang	10,000	100%
Celxpert(Kunshan)Energy Co.,Ltd	Chairman Director Supervisor	Shih-Ming Huang Xin-Xheng Hu, Chien-Yu Lin, Chin-Te Chen, Jia-Xin Huang Xong-Ying Yang	(Note 1)	100%
Celxpert (Nantong) Energy Corporation LTD	Chairman Director Supervisor	Shih-Ming Huang Xong-Ying Yang, Jia-Xin Huang Chien-Yu Lin	(Note 1)	100%

PT Celxpert Energy Indonesia	Director	Shih-Ming Huang	18	100%
KEELGO ENERGY CO., LTD	Chairman Director Director Supervisor	Shih-Ming Huang Ching-Jung Huang Cheng-Yang Tsai Vacancies	8,600	85.15%

(Note 1) It is a limited company.
(Note 2) Only the registration is completed, the capital is not yet invested in.

(7) Performance of Affiliated Enterprises (As of December 31, 2022)

Unit: NT$ thousands

Name of Company	Paid-in Capital	Total assets	Total Liabilities	Net Worth	Operating revenues	Operating income	Net income (loss) (After tax)	Earnings (losses) per share (NTD)(After tax)
Celxpert Holdings Limited (BVI)	752,490	768,132	246,780	521,352	0	213	(77,182)	(3.13)
Celxpert Energy (H.K.) Limited	436,696	197,474	0.00	197,474	0	0	(56,012)	(3.94)
Advance Smart Industrial Limited (BVI)	1,536	98,728	1,154	97,574	335,279	111	118	2.36
Celxpert Energy International Limited （SAMOA）(Note 1)	–	–	–	–	–	–	–	–
Celxpert(Kunshan)Energy Co.,Ltd	460,650	412,203	232,912	179,291	885,084	(42,335)	(56,013)	N/A(Note 2)
Creative Power Enterprises Inc.（SAMOA）	307,100	232,544	0	232,544	0	0	(21,544)	(2.15)
Celxpert (Nantong) Energy Corporation LTD	307,100	259,751	27,207	232,544	107,816	(29,850)	(21,544)	N/A(Note 2)
PT Celxpert Energy Indonesia	40,767	10,685	339	10,346	0	(4,249)	(4,126)	(229.21)
KEELGO ENERGY CO., LTD	101,000	168,696	58,117	110,579	82,004	(253)	211	0.02

Note 1: Not yet invested.

Note 2：It is a limited company.

(8) Consolidated Financial Statements Covering Affiliated Enterprises

Representation Letter

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022, under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Report 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 recognized by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Celxpert Energy Corporation and its Subsidiaries do not prepare a separate set of consolidated financial statements.

Celxpert Energy Corporation
Chairman: Shih-Ming Huang
March 10, 2023

(9) Relationship report: N/A.

8.2. Private Placement of Securities in the Most Recent Year and the Current Year Up to the Printing Date of this Annual Report. Disclosure of the Date of the Approvals by the Shareholders' Meeting or the Board Meeting, the Quantity Approved, the Basis and Reasonableness of the Price, the Method for Selecting the Specific Persons, the Reasons For The Necessity of Conducting the Private Placement: None.

8.3. Holding or Disposal of the Company's Shares by Its Subsidiaries in the Most Recent Year and the Current Year Up to the Printing Date of this Annual Report: None.

8.4. Other Matters Requiring Supplementary Information
Unfulfilled OTC commitments: None.

IX. Disclosure of Events Listed in Article 36-3-2 of the Securities and Exchange Act Which May Have a Significant Influence on Stockholders' Equity or Share Price in the Most Recent Year and the Current Year Up to the Printing Date of this Annual Report: None.

Celxpert Energy Corporation

Chairman： Shih-Ming Huang