

**ACE PILLAR CO., LTD. AND SUBSIDIARIES****Consolidated Financial Statements****With Independent Auditors' Review Report****For the Six Months Ended June 30, 2024 and 2023**

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The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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## **Independent Auditors' Review Report**

To the Board of Directors of Ace Pillar Co., Ltd.:

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Ace Pillar Co., Ltd. and its subsidiaries as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income (loss) for the three months and six months then ended, as well as the consolidated statements of changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Ace Pillar Co., Ltd. and its subsidiaries as of June 30, 2024 and 2023, and their consolidated financial performance for the three months and six months then ended, as well as their consolidated cash flows for the six months then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Kao, Ching-Wen and Chang, Huei-Chen.

KPMG

Taipei, Taiwan (Republic of China)

August 2, 2024

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## ACE PILLAR CO., LTD. AND SUBSIDIARIES

## Consolidated Balance Sheets

June 30, 2024, December 31, and June 30, 2023

(Expressed in Thousands of New Taiwan Dollar)

		June 30, 2024		December 31, 2023		June 30, 2023						June 30, 2024		December 31, 2023		June 30, 2023	
Assets		Amount	%	Amount	%	Amount	%			Liabilities and Equity		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>										<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 527,900	18	391,843	13	455,758	15	2100		Short-term borrowings (notes 6(l) and 8)		\$ 172,033	6	134,599	5	168,655	5
1110	Financial assets at fair value through profit or loss — current (note 6(b))	25	-	1,730	-	903	-	2123		Financial liabilities at fair value through profit or loss — current (note 6(b))		495	-	40	-	971	-
1136	Financial assets measured at amortized cost — current (notes 6(d) and 8)	1,016	-	1,000	-	5,968	-	2130		Contract liabilities — current (note 6(s))		39,580	1	44,252	2	56,766	2
1140	Contract assets — current (note 6(s))	25,260	1	812	-	14,714	1	2150-2170		Notes and accounts payable (note 7)		400,703	13	364,024	12	395,551	13
1150-1170	Notes and accounts receivable (notes 6(e), (s), 7 and 8)	889,231	30	920,711	31	916,320	29	2200		Other payables (notes 6(t) and 7)		120,551	4	127,005	4	116,296	4
1200	Other receivables (notes 6(f) and 7)	9,505	-	5,241	-	11,476	-	2216		Cash dividends payable (note 7)		37,731	1	-	-	56,125	2
130X	Inventories (note 6(g))	577,666	19	668,897	23	733,802	24	2230		Current income tax liabilities		45,503	2	39,331	1	45,561	1
1410-1470	Prepayments and other current assets	41,879	1	28,155	1	31,524	1	2280		Lease liabilities — current (notes 6(n) and 7)		23,308	1	13,500	-	10,696	-
<b>Total current assets</b>		<u>2,072,482</u>	<u>69</u>	<u>2,018,389</u>	<u>68</u>	<u>2,170,465</u>	<u>70</u>	2300		Other current liabilities		7,416	-	11,985	-	10,490	-
<b>Non-current assets:</b>								2320		Current portion of long-term debt (notes 6(m) and 8)		-	-	-	-	560	-
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(c))	7,936	-	8,655	-	7,312	-			<b>Total current liabilities</b>		<u>847,320</u>	<u>28</u>	<u>734,736</u>	<u>24</u>	<u>861,671</u>	<u>27</u>
1535	Financial assets at amortized cost — non-current (note 6(d))	3,387	-	3,211	-	3,249	-	2540		<b>Non-current liabilities:</b>							
1600	Property, plant and equipment (notes 6(h) and 8)	558,826	18	560,875	19	566,514	18	2570		Long-term debt (notes 6(m) and 8)		-	-	50,000	2	50,000	2
1755	Right-of-use assets (note 6(i))	76,193	3	53,443	2	48,470	2	2580		Deferred income tax liabilities		83,104	3	82,696	3	99,244	3
1760	Investment property, net (note 6(j))	81,102	3	81,805	3	82,507	3			Lease liabilities — non-current (notes 6(n) and 7)		36,808	1	24,342	1	22,169	1
1780	Intangible assets (note 6(k))	180,987	6	187,721	6	194,713	6			<b>Total non-current liabilities</b>		<u>119,912</u>	<u>4</u>	<u>157,038</u>	<u>6</u>	<u>171,413</u>	<u>6</u>
1840	Deferred income tax assets	13,447	-	13,438	1	9,851	-			<b>Total liabilities</b>		<u>967,232</u>	<u>32</u>	<u>891,774</u>	<u>30</u>	<u>1,033,084</u>	<u>33</u>
1920	Refundable deposits	19,771	1	20,894	1	18,741	1			<b>Equity attributable to shareholders of the Company (note 6(q)):</b>							
1990	Other non-current assets	7,091	-	7,601	-	8,115	-	3110		Common stock		1,122,505	37	1,122,505	38	1,122,505	36
<b>Total non-current assets</b>		<u>948,740</u>	<u>31</u>	<u>937,643</u>	<u>32</u>	<u>939,472</u>	<u>30</u>	3200		Capital surplus		312,404	11	312,314	11	312,246	10
								3300		Retained earnings		544,298	18	572,289	19	596,234	19
								3400		Other equity		(20,404)	(1)	(38,234)	(1)	(47,171)	(1)
										<b>Total equity attributable to shareholders of the Company</b>		<u>1,958,803</u>	<u>65</u>	<u>1,968,874</u>	<u>67</u>	<u>1,983,814</u>	<u>64</u>
								36XX		<b>Non-controlling interests</b>		<u>95,187</u>	<u>3</u>	<u>95,384</u>	<u>3</u>	<u>93,039</u>	<u>3</u>
										<b>Total equity</b>		<u>2,053,990</u>	<u>68</u>	<u>2,064,258</u>	<u>70</u>	<u>2,076,853</u>	<u>67</u>
<b>Total assets</b>		<u>\$ 3,021,222</u>	<u>100</u>	<u>2,956,032</u>	<u>100</u>	<u>3,109,937</u>	<u>100</u>			<b>Total liabilities and equity</b>		<u>\$ 3,021,222</u>	<u>100</u>	<u>2,956,032</u>	<u>100</u>	<u>3,109,937</u>	<u>100</u>

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## ACE PILLAR CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income (Loss)

For the three months and six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)

		For the three months ended June 30				For the six months ended June 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(s), 7 and 14)	\$ 766,564	100	795,431	100	1,468,972	100	1,595,571	100
5000	Operating costs (notes 6(g), (h), 7 and 12)	(590,335)	(77)	(636,698)	(80)	(1,132,791)	(77)	(1,279,871)	(80)
	Gross profit	176,229	23	158,733	20	336,181	23	315,700	20
	Operating expenses (notes 6(e), (h), (i), (j), (k), (n), (o), (t), 7 and 12):								
6100	Selling expenses	(106,722)	(14)	(104,171)	(13)	(211,375)	(14)	(209,342)	(13)
6200	Administrative expenses	(54,888)	(7)	(55,072)	(7)	(109,519)	(8)	(109,710)	(7)
6300	Research and development expenses	(1,524)	-	(1,337)	-	(2,887)	-	(2,865)	-
6450	Gains on reversal of expected credit loss	784	-	556	-	168	-	12,869	-
	Total operating expenses	(162,350)	(21)	(160,024)	(20)	(323,613)	(22)	(309,048)	(20)
	Operating income (loss)	13,879	2	(1,291)	-	12,568	1	6,652	-
	Non-operating income and loss (notes 6(n), (u) and 7):								
7100	Interest income	1,007	-	664	-	1,318	-	895	-
7010	Other income	1,899	-	11,447	1	5,355	-	14,094	1
7020	Other gains and losses, net	(1,781)	-	(1,697)	-	2,188	-	(2,597)	-
7050	Finance costs	(1,734)	-	(1,905)	-	(3,234)	-	(4,134)	-
	Total non-operating income and loss	(609)	-	8,509	1	5,627	-	8,258	1
	Income before income tax	13,270	2	7,218	1	18,195	1	14,910	1
7950	Less: income tax expense (note 6(p))	(5,760)	(1)	(4,190)	(1)	(9,117)	(1)	(9,456)	(1)
	Net income	7,510	1	3,028	-	9,078	-	5,454	-
	Other comprehensive income (note 6(q)):								
8310	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	527	-	5,878	-	(719)	-	5,878	1
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	(1,301)	-	-	-	(1,301)	-	-	-
		(774)	-	5,878	-	(2,020)	-	5,878	1
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign operations	7,010	1	(22,467)	(2)	20,308	2	(15,876)	(1)
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
		7,010	1	(22,467)	(2)	20,308	2	(15,876)	(1)
	Other comprehensive income (loss) for the period, net of income tax	6,236	1	(16,589)	(2)	18,288	2	(9,998)	-
	Total comprehensive income (loss) for the period	\$ 13,746	2	(13,561)	(2)	27,366	2	(4,544)	-
	Net income attributable to:								
8610	Shareholders of the Company	\$ 5,502	1	1,624	-	5,684	-	2,999	-
8620	Non-controlling interests	2,008	-	1,404	-	3,394	-	2,455	-
		\$ 7,510	1	3,028	-	9,078	-	5,454	-
	Total comprehensive income (loss) attributable to:								
8710	Shareholders of the Company	\$ 11,708	2	(15,903)	(2)	23,514	2	(8,245)	-
8720	Non-controlling interests	2,038	-	2,342	-	3,852	-	3,701	-
		\$ 13,746	2	(13,561)	(2)	27,366	2	(4,544)	-
	Earnings per share (in New Taiwan Dollar) (note 6(r)):								
9750	Basic earnings per share	\$ 0.05		0.02		0.05		0.03	
9850	Diluted earnings per share	\$ 0.05		0.02		0.05		0.03	

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	Attributable to shareholders of the Company											
	Retained earnings						Other equity					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity of the Company	Non-controlling interests	Total equity
Balance at January 1, 2023	\$ 1,122,505	312,233	273,057	78,028	298,275	649,360	(35,927)	-	(35,927)	2,048,171	89,338	2,137,509
Net income for the period	-	-	-	-	2,999	2,999	-	-	-	2,999	2,455	5,454
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(14,771)	3,527	(11,244)	(11,244)	1,246	(9,998)
Total comprehensive income (loss) for the period	-	-	-	-	2,999	2,999	(14,771)	3,527	(11,244)	(8,245)	3,701	(4,544)
Appropriation of earnings:												
Legal reserve	-	-	7,837	-	(7,837)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(56,125)	(56,125)	-	-	-	(56,125)	-	(56,125)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	13	-	-	-	-	-	-	-	13	-	13
Balance at June 30, 2023	\$ 1,122,505	312,246	280,894	78,028	237,312	596,234	(50,698)	3,527	(47,171)	1,983,814	93,039	2,076,853
Balance at January 1, 2024	\$ 1,122,505	312,314	280,894	78,028	213,367	572,289	(42,567)	4,333	(38,234)	1,968,874	95,384	2,064,258
Net income for the period	-	-	-	-	5,684	5,684	-	-	-	5,684	3,394	9,078
Other comprehensive income (loss) for the period	-	-	-	-	-	-	19,042	(1,212)	17,830	17,830	458	18,288
Total comprehensive income (loss) for the period	-	-	-	-	5,684	5,684	19,042	(1,212)	17,830	23,514	3,852	27,366
Appropriation of earnings:												
Cash dividends to shareholders	-	-	-	-	(33,675)	(33,675)	-	-	-	(33,675)	-	(33,675)
Distribution of cash dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,056)	(4,056)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	90	-	-	-	-	-	-	-	90	7	97
Balance at June 30, 2024	\$ 1,122,505	312,404	280,894	78,028	185,376	544,298	(23,525)	3,121	(20,404)	1,958,803	95,187	2,053,990

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	<b>For the six months ended June 30</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Income before income taxes	\$ 18,195	14,910
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit or loss:</b>		
Depreciation	23,301	19,449
Amortization	6,787	6,866
Gain on reversal of expected credit loss	(168)	(12,869)
Interest expense	3,234	4,134
Interest income	(1,318)	(895)
Dividend income	(1,034)	(996)
Loss (gain) on disposal of property, plant and equipment	(901)	201
Loss (gain) on lease modifications	13	(2)
Gain on liquidation of subsidiaries	(4,360)	-
<b>Total adjustments for profit or loss</b>	<b>25,554</b>	<b>15,888</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss	1,705	(740)
Contract assets	(24,448)	(14,714)
Notes and accounts receivable	31,648	40,552
Other receivables	(4,264)	17,936
Inventories	91,231	163,121
Other assets	(11,359)	15,521
<b>Net changes in operating assets</b>	<b>84,513</b>	<b>221,676</b>
<b>Changes in operating liabilities:</b>		
Financial liabilities at fair value through profit or loss	455	(87)
Notes and accounts payable	36,679	4,946
Other payables	(6,431)	(32,858)
Contract liabilities	(4,672)	(51,395)
Other current liabilities	(4,569)	350
<b>Net changes in operating liabilities</b>	<b>21,462</b>	<b>(79,044)</b>
<b>Total changes in operating assets and liabilities</b>	<b>105,975</b>	<b>142,632</b>
<b>Total adjustments</b>	<b>131,529</b>	<b>158,520</b>
Cash provided by operations	149,724	173,430
Interest received	1,250	848
Dividends received	1,034	996
Income taxes paid	(7,610)	(20,410)
<b>Net cash flows provided by operating activities</b>	<b>144,398</b>	<b>154,864</b>

See accompanying notes to the consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the six months ended June 30, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollar)**

	<b>For the six months ended June 30</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(1,453)	(1,705)
Proceeds from disposal of property, plant and equipment	1,181	159
Acquisition of intangible assets	(53)	(5,108)
(Increase) decrease in other financial assets — current	(16)	1,880
Decrease in refundable deposits	1,123	14
<b>Net cash flows provided by (used in) investing activities</b>	<b>782</b>	<b>(4,760)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	128,219	70,016
Decrease in short-term borrowings	(95,674)	(126,794)
Increase in long-term debt	-	50,000
Repayments of long-term debt	(50,000)	(100,110)
Payment of lease liabilities	(11,374)	(7,403)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	97	13
Interest paid	(3,257)	(4,231)
<b>Net cash flows used in financing activities</b>	<b>(31,989)</b>	<b>(118,509)</b>
<b>Effect of foreign exchange rate changes</b>	<b>22,866</b>	<b>(11,932)</b>
<b>Net increase in cash and cash equivalents</b>	<b>136,057</b>	<b>19,663</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>391,843</b>	<b>436,095</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 527,900</b>	<b>455,758</b>

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the six months ended June 30, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)**

**1. Organization and business**

Ace Pillar Co., Ltd. (the “Company”) was incorporated on March 31, 1984 as a company limited by shares under the laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 12F., No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.). The Company and its subsidiaries (collectively the “Group”) are primarily engaged in the tests, processing, sales, repairment, electromechanical integration of automation control and mechanical transmission system and intelligent technology service, the sales of semiconductor, optoelectronics and machinery equipment and equipment repair, energy technology service, as well as the sales and service of energy management products.

**2. Authorization of the consolidated financial statements**

These consolidated financial statements were authorized for issue by the Board of Directors on August 2, 2024.

**3. Application of new and revised accounting standards and interpretations**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined “operating profit” subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

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## **ACE PILLAR CO., LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards— Volume 11

#### **4. Summary of material accounting policies**

Except for the accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

##### **(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”) and IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Subsidiaries	Principal Activities	Percentage of Ownership			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Cyber South Management Ltd. (“Cyber South”, Samoa)	Investment and holding activity	100.00 %	100.00 %	100.00 %	-
The Company/ Proton/ Cyber South	Tianjin Ace Pillar Co., Ltd. (“Tianjin Ace Pillar”, China)	Sales of automation mechanical transmission system and component	100.00 %	100.00 %	100.00 %	-
The Company	Hong Kong Ace Pillar Enterprise Limited. (“Hong Kong Ace Pillar”, Hong Kong)	Sales of automation mechanical transmission system and component	-	100.00 %	100.00 %	Note 1
Cyber South	Proton Inc. (“Proton”, Samoa)	Investment and holding activity	100.00 %	100.00 %	100.00 %	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. (“Ace Tek”, Hong Kong)	Investment and holding activity	100.00 %	100.00 %	100.00 %	-
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. (“Suzhou Super Pillar”, China)	Manufacture and technology service of automation mechanical transmission system and control products	100.00 %	100.00 %	100.00 %	-
Cyber South	Grace Transmission (Tianjin) Co., Ltd. (“Grace Transmission”, China)	Manufacture of automation mechanical transmission system and component	-	100.00 %	100.00 %	Note 2
Ace Tek	Advancedtek Ace (TJ) Inc. (“Advancedtek Ace”, China)	Electronic system integration	100.00 %	100.00 %	100.00 %	-
The Company	Standard Technology Corp. (“STC”, Taiwan)	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	60.00 %	60.00 %	60.00 %	-
STC	Standard Technology Corp. (“STCBVI”, BVI)	Investment and holding activity	60.00 %	60.00 %	60.00 %	-
STCBVI	Standard International Trading (Shanghai) Co., Ltd. (“Shanghai STC”, China)	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	60.00 %	60.00 %	60.00 %	-
The Company	ACE Energy Co., Ltd. (“AEG”, Taiwan)	Energy technology service	99.86 %	99.86 %	99.86 %	-
AEG	BlueWalker GmbH (“BWA”, Germany)	Sales and service of energy management products	99.86 %	99.86 %	99.86 %	-

Note 1: The subsidiary was liquidated in February 2024.

Note 2: The subsidiary was liquidated in January 2024.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(d) Income taxes

The income tax expenses in the interim financial statements have been measured and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for an interim period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. It is recognized fully as current tax expense for the current period.

When income tax expenses are recognized directly in equity or other comprehensive income in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, the related amounts shall be measured based on the tax rates that have been enacted or substantively enacted at the time the asset or liability is recovered or settled.

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**5. Critical accounting judgments, and key sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim financial reporting” endorsed by FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting judgments and key sources of estimation uncertainties made by the management when preparing the interim consolidated financial statements were the same as those mentioned in the note 5 of the consolidated financial statements for the year ended December 31, 2023.

**6. Significant account disclosures**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Cash on hand	\$ 301	296	286
Demand deposits and checking accounts	511,374	381,547	415,472
Time deposits with original maturities less than three months	<u>16,225</u>	<u>10,000</u>	<u>40,000</u>
	<b><u>\$ 527,900</u></b>	<b><u>391,843</u></b>	<b><u>455,758</u></b>

(b) Financial assets at fair value through profit or loss

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Financial assets at fair value through profit or loss:			
Foreign currency forward contracts	\$ -	459	-
Foreign exchange swaps	<u>25</u>	<u>1,271</u>	<u>903</u>
	<b><u>\$ 25</u></b>	<b><u>1,730</u></b>	<b><u>903</u></b>

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Financial liabilities at fair value through profit or loss:			
Foreign currency forward contracts	\$ (440)	(40)	(663)
Foreign exchange swaps	<u>(55)</u>	<u>-</u>	<u>(308)</u>
	<b><u>\$ (495)</u></b>	<b><u>(40)</u></b>	<b><u>(971)</u></b>

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group entered into derivative contracts to manage foreign currency exchange risk resulting from its operating activities. The derivative financial instruments did not conform to the criteria for hedge accounting. At each reporting date, the outstanding derivative contracts consisted of the following:

(i) Foreign currency forward contracts

<b>June 30, 2024</b>		
	<b>Contract amount (in thousands)</b>	<b>Maturity period</b>
USD Buy / CNY Sell	USD 1,040	2024/07
CNY Buy / USD Sell	USD 2,450	2024/07
USD Buy / EUR Sell	USD 1,200	2024/07
<b>December 31, 2023</b>		
	<b>Contract amount (in thousands)</b>	<b>Maturity period</b>
USD Buy / CNY Sell	USD 1,000	2024/01
CNY Buy / USD Sell	USD 2,780	2024/01
USD Buy / EUR Sell	USD 310	2024/01
<b>June 30, 2023</b>		
	<b>Contract amount (in thousands)</b>	<b>Maturity period</b>
USD Buy / CNY Sell	USD 780	2023/07
USD Buy / EUR Sell	USD 1,180	2023/07
CNY Buy / USD Sell	USD 1,850	2023/07

(ii) Foreign exchange swaps

<b>June 30, 2024</b>		
	<b>Contract amount (in thousands)</b>	<b>Maturity period</b>
NTD Swap in / CNY Swap out	CNY 20,000	2024/07
<b>December 31, 2023</b>		
	<b>Contract amount (in thousands)</b>	<b>Maturity period</b>
NTD Swap in / CNY Swap out	CNY 42,000	2024/01
<b>June 30, 2023</b>		
	<b>Contract amount (in thousands)</b>	<b>Maturity period</b>
NTD Swap in / CNY Swap out	CNY 47,000	2023/07

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Please refer to note 6(u) for the gains (losses) recognized related to financial assets measured at fair value.

(c) Financial assets at fair value through other comprehensive income — non-current

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Equity investments at fair value through other comprehensive income:			
Foreign unlisted stocks	\$ <u>7,936</u>	<u>8,655</u>	<u>7,312</u>

The Group designated the abovementioned investments as at fair value through other comprehensive income as these equity investments are held for strategic purposes and not for trading.

There were no disposals of the above strategic investments and no transfers of any cumulative gain or loss within equity relating to these investments for the six months ended June 30, 2024 and 2023.

(d) Financial assets measured at amortized cost

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Pledged time deposits	\$ 1,016	1,000	1,000
Time deposits	-	-	4,968
Corporate bonds	<u>3,387</u>	<u>3,211</u>	<u>3,249</u>
	<b>\$ <u>4,403</u></b>	<b><u>4,211</u></b>	<b><u>9,217</u></b>
Current	\$ 1,016	1,000	5,968
Non-current	<u>3,387</u>	<u>3,211</u>	<u>3,249</u>
	<b>\$ <u>4,403</u></b>	<b><u>4,211</u></b>	<b><u>9,217</u></b>

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

Please refer to note 8 for details of financial assets pledged as collateral.

(e) Notes and accounts receivable

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Notes receivable from operating activities	\$ 237,186	292,667	274,858
Accounts receivable measured at amortized cost	674,659	650,354	669,608
Less: loss allowance	<u>(22,614)</u>	<u>(22,310)</u>	<u>(28,146)</u>
	<b>\$ <u>889,231</u></b>	<b><u>920,711</u></b>	<b><u>916,320</u></b>

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. Forward-looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable of operation in Taiwan and Europe was as follows:

	<b>June 30, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 375,044	0%	-
Past due 1-90 days	15,834	0%	-
Past due 91-180 days	73	0~100%	-
Past due 181-270 days	-	0~100%	-
Past due 271-365 days	-	0~100%	-
Past due over 366 days	1,380	100%	1,380
	<b>\$ 392,331</b>		<b>1,380</b>

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 346,552	0%	-
Past due 1-90 days	21,037	0%	-
Past due 91-180 days	6	0~100%	-
Past due 181-270 days	6	0~100%	5
Past due 271-365 days	69	0~100%	69
Past due over 366 days	1,520	100%	1,520
	<b>\$ 369,190</b>		<b>1,594</b>

	<b>June 30, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 334,362	0~0.45%	1
Past due 1-90 days	8,557	0~30.69%	-
Past due 91-180 days	75	0~100%	-
Past due 181-270 days	216	0~100%	-
Past due 271-365 days	-	0~100%	-
Past due over 366 days	1,523	100%	1,523
	<b>\$ 344,733</b>		<b>1,524</b>

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Analysis of expected credit losses on notes and accounts receivable of operation in Mainland China was as follows:

	<b>June 30, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 439,226	0~0.91%	1,998
Past due 1-90 days	63,167	0~13.81%	3,434
Past due 91-180 days	1,255	0~39.72%	440
Past due 181-270 days	1,251	0~73.21%	747
Past due 271-365 days	530	0~100%	530
Past due over 366 days	14,085	100%	14,085
	<u><b>\$ 519,514</b></u>		<u><b>21,234</b></u>

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 511,470	0~1.01%	2,240
Past due 1-90 days	43,575	0~17.85%	2,587
Past due 91-180 days	4,370	0~56.32%	1,957
Past due 181-270 days	2,205	0~84.36%	1,721
Past due 271-365 days	1,582	100%	1,582
Past due over 366 days	10,629	100%	10,629
	<u><b>\$ 573,831</b></u>		<u><b>20,716</b></u>

	<b>June 30, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 519,402	0~1.02%	2,116
Past due 1-90 days	50,820	0~18.01%	2,483
Past due 91-180 days	9,620	0~58.53%	2,403
Past due 181-270 days	1,940	0~95.7%	1,669
Past due 271-365 days	850	100%	850
Past due over 366 days	17,101	100%	17,101
	<u><b>\$ 599,733</b></u>		<u><b>26,622</b></u>

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Movements of the loss allowance for notes and accounts receivable were as follows:

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 22,310	59,012
Gain on reversal of impairment loss	(168)	(12,869)
Reversal of insurance claims for accounts receivable	(153)	(17,168)
Effect of exchange rate changes	625	(829)
Balance at June 30	<u><u>\$ 22,614</u></u>	<u><u>28,146</u></u>

Please refer to note 8 for details of notes receivable pledged as collateral.

(f) Other receivables

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Other receivables	\$ 9,505	5,241	11,476
Less: loss allowance	-	-	-
	<u><u>\$ 9,505</u></u>	<u><u>5,241</u></u>	<u><u>11,476</u></u>

There is no loss allowance provided for other receivables after the management's assessment.

(g) Inventories

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Merchandise inventory	<u><u>\$ 577,666</u></u>	<u><u>668,897</u></u>	<u><u>733,802</u></u>

The amounts of inventories recognized as costs of revenue were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Cost of inventories sold	\$ 586,935	617,037	1,126,912	1,238,759
(Reversal of) write-downs of inventories	(17,634)	2,900	(24,358)	(1,890)
	<u><u>\$ 569,301</u></u>	<u><u>619,937</u></u>	<u><u>1,102,554</u></u>	<u><u>1,236,869</u></u>

The write-downs of inventories arose from the write-downs of inventories to net realizable value. The reversal of write-downs of inventories arose from the sale of slow-moving inventories to which it was recognized to the extent of the write-downs of inventories to net realizable value.

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment and other equipment</u>	<u>Lease</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:						
Balance at January 1, 2024	\$ 193,588	484,938	79,074	-	-	757,600
Additions	-	-	1,453	-	-	1,453
Disposals	-	(535)	(3,913)	-	-	(4,448)
Effect of exchange rate changes	-	11,883	1,474	-	-	13,357
Balance at June 30, 2024	<u>\$ 193,588</u>	<u>496,286</u>	<u>78,088</u>	<u>-</u>	<u>-</u>	<u>767,962</u>
Balance at January 1, 2023	\$ 256,927	526,392	173,724	102,532	229	1,059,804
Additions	-	-	1,705	-	-	1,705
Disposals	-	-	(11,400)	-	-	(11,400)
Reclassification	(63,339)	(35,882)	-	-	-	(99,221)
Effect of exchange rate changes	-	(9,037)	(912)	-	-	(9,949)
Balance at June 30, 2023	<u>\$ 193,588</u>	<u>481,473</u>	<u>163,117</u>	<u>102,532</u>	<u>229</u>	<u>940,939</u>
Accumulated depreciation and impairment loss:						
Balance at January 1, 2024	\$ -	135,208	61,517	-	-	196,725
Depreciation	-	8,299	2,811	-	-	11,110
Disposals	-	(407)	(3,761)	-	-	(4,168)
Effect of exchange rate changes	-	4,274	1,195	-	-	5,469
Balance at June 30, 2024	<u>\$ -</u>	<u>147,374</u>	<u>61,762</u>	<u>-</u>	<u>-</u>	<u>209,136</u>
Balance at January 1, 2023	\$ -	136,316	154,343	102,532	-	393,191
Depreciation	-	8,434	3,081	-	-	11,515
Disposals	-	-	(11,040)	-	-	(11,040)
Reclassification	-	(16,175)	-	-	-	(16,175)
Effect of exchange rate changes	-	(2,348)	(718)	-	-	(3,066)
Balance at June 30, 2023	<u>\$ -</u>	<u>126,227</u>	<u>145,666</u>	<u>102,532</u>	<u>-</u>	<u>374,425</u>
Carrying amounts:						
Balance at January 1, 2024	<u>\$ 193,588</u>	<u>349,730</u>	<u>17,557</u>	<u>-</u>	<u>-</u>	<u>560,875</u>
Balance at June 30, 2024	<u>\$ 193,588</u>	<u>348,912</u>	<u>16,326</u>	<u>-</u>	<u>-</u>	<u>558,826</u>
Balance at June 30, 2023	<u>\$ 193,588</u>	<u>355,246</u>	<u>17,451</u>	<u>-</u>	<u>229</u>	<u>566,514</u>

Please refer to note 8 for a description of the Group's property, plant and equipment pledged as collateral for long-term debt and guarantee payment for procurement.

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 18,169	50,381	2,594	71,144
Additions	-	32,977	737	33,714
Disposals	-	(3,827)	(1,186)	(5,013)
Effect of exchange rates changes	<u>1,566</u>	<u>503</u>	<u>2</u>	<u>2,071</u>
Balance at June 30, 2024	<u><b>\$ 19,735</b></u>	<u><b>80,034</b></u>	<u><b>2,147</b></u>	<u><b>101,916</b></u>
Balance at January 1, 2023	\$ 18,466	45,440	2,844	66,750
Additions	-	2,057	1,980	4,037
Disposals	-	(5,735)	(2,055)	(7,790)
Effect of exchange rate changes	<u>(379)</u>	<u>(124)</u>	<u>(21)</u>	<u>(524)</u>
Balance at June 30, 2023	<u><b>\$ 18,087</b></u>	<u><b>41,638</b></u>	<u><b>2,748</b></u>	<u><b>62,473</b></u>
Accumulated depreciation:				
Balance at January 1, 2024	\$ 1,932	14,517	1,252	17,701
Depreciation	227	10,722	539	11,488
Disposals	-	(3,605)	(985)	(4,590)
Effect of exchange rates changes	<u>969</u>	<u>148</u>	<u>7</u>	<u>1,124</u>
Balance at June 30, 2024	<u><b>\$ 3,128</b></u>	<u><b>21,782</b></u>	<u><b>813</b></u>	<u><b>25,723</b></u>
Balance at January 1, 2023	\$ 1,595	10,619	2,224	14,438
Depreciation	225	6,583	587	7,395
Disposals	-	(5,613)	(2,028)	(7,641)
Effect of exchange rates changes	<u>(117)</u>	<u>(56)</u>	<u>(16)</u>	<u>(189)</u>
Balance at June 30, 2023	<u><b>\$ 1,703</b></u>	<u><b>11,533</b></u>	<u><b>767</b></u>	<u><b>14,003</b></u>
Carrying amounts:				
Balance at January 1, 2024	<u><b>\$ 16,237</b></u>	<u><b>35,864</b></u>	<u><b>1,342</b></u>	<u><b>53,443</b></u>
Balance at June 30, 2024	<u><b>\$ 16,607</b></u>	<u><b>58,252</b></u>	<u><b>1,334</b></u>	<u><b>76,193</b></u>
Balance at June 30, 2023	<u><b>\$ 16,384</b></u>	<u><b>30,105</b></u>	<u><b>1,981</b></u>	<u><b>48,470</b></u>

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(j) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024			
(Balance at June 30, 2024)	\$ <u>63,339</u>	<u>35,882</u>	<u>99,221</u>
Balance at January 1, 2023	\$ -	-	-
Reclassification	<u>63,339</u>	<u>35,882</u>	<u>99,221</u>
Balance at June 30, 2023	\$ <u>63,339</u>	<u>35,882</u>	<u>99,221</u>
Accumulated depreciation:			
Balance at January 1, 2024	\$ -	17,416	17,416
Depreciation	<u>-</u>	<u>703</u>	<u>703</u>
Balance at June 30, 2024	\$ <u>-</u>	<u>18,119</u>	<u>18,119</u>
Balance at January 1, 2023	\$ -	-	-
Depreciation	<u>-</u>	<u>539</u>	<u>539</u>
Reclassification	<u>-</u>	<u>16,175</u>	<u>16,175</u>
Balance at June 30, 2023	\$ <u>-</u>	<u>16,714</u>	<u>16,714</u>
Carrying amounts:			
Balance at January 1, 2024	\$ <u>63,339</u>	<u>18,466</u>	<u>81,805</u>
Balance at June 30, 2024	\$ <u>63,339</u>	<u>17,763</u>	<u>81,102</u>
Balance at June 30, 2023	\$ <u>63,339</u>	<u>19,168</u>	<u>82,507</u>

The fair value of the investment property is not significantly different from that disclosed in the note 6(l) of the consolidated financial statements for the year ended December 31, 2023.

(k) Intangible assets

	<u>Goodwill</u>	<u>Computer software</u>	<u>Patents</u>	<u>Customer relationship</u>	<u>Total</u>
Cost:					
Balance at January 1, 2024	\$ 98,273	21,029	12,822	81,942	214,066
Additions	-	53	-	-	53
Disposals	-	(5,246)	-	-	(5,246)
Effect of exchange rates changes	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>12</u>
Balance at June 30, 2024	\$ <u>98,273</u>	<u>15,848</u>	<u>12,822</u>	<u>81,942</u>	<u>208,885</u>
Balance at January 1, 2023	\$ 98,273	16,731	12,822	81,942	209,768
Additions	-	5,108	-	-	5,108
Disposals	-	(1,023)	-	-	(1,023)
Effect of exchange rates changes	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>15</u>
Balance at June 30, 2023	\$ <u>98,273</u>	<u>20,831</u>	<u>12,822</u>	<u>81,942</u>	<u>213,868</u>

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Goodwill</u>	<u>Computer software</u>	<u>Patents</u>	<u>Customer relationship</u>	<u>Total</u>
Accumulated amortization:					
Balance at January 1, 2024	\$ -	10,160	2,244	13,941	26,345
Amortization	-	2,326	641	3,820	6,787
Disposals	-	(5,246)	-	-	(5,246)
Effect of exchange rates changes	-	12	-	-	12
Balance at June 30, 2024	<u>\$ -</u>	<u>7,252</u>	<u>2,885</u>	<u>17,761</u>	<u>27,898</u>
Balance at January 1, 2023	\$ -	6,035	962	6,300	13,297
Amortization	-	2,405	641	3,820	6,866
Disposals	-	(1,023)	-	-	(1,023)
Effect of exchange rates changes	-	15	-	-	15
Balance at June 30, 2023	<u>\$ -</u>	<u>7,432</u>	<u>1,603</u>	<u>10,120</u>	<u>19,155</u>
Carrying amounts:					
Balance at January 1, 2024	<u>\$ 98,273</u>	<u>10,869</u>	<u>10,578</u>	<u>68,001</u>	<u>187,721</u>
Balance at June 30, 2024	<u>\$ 98,273</u>	<u>8,596</u>	<u>9,937</u>	<u>64,181</u>	<u>180,987</u>
Balance at June 30, 2023	<u>\$ 98,273</u>	<u>13,399</u>	<u>11,219</u>	<u>71,822</u>	<u>194,713</u>

According to IAS 36, goodwill arising from a business combination is tested at least annually. Based on the results of impairment tests conducted by the Group as of December 31, 2023, there were no impairment losses. Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2023. At June 30, 2024, the Group assessed the achievement of expected revenue and operating income of the respective cash generating unit for the six months ended June 30, 2024, and concluded that there were no indications of impairment.

(l) Short-term borrowings

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Unsecured bank loans	\$ 70,809	53,695	93,650
Secured bank loans	101,224	80,904	75,005
	<u>\$ 172,033</u>	<u>134,599</u>	<u>168,655</u>
Unused credit facilities	<u>\$ 2,250,046</u>	<u>2,304,216</u>	<u>2,540,502</u>
Interest rate	1.63%~4%	0.95%~3.9%	1.92%~4.1%

Please refer to note 8 for a description of the Group's assets pledged as collateral for the secured bank loans.

(Continued)



**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Long-term debt

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Unsecured bank loans	\$ -	50,000	50,000
Secured bank loans	-	-	560
Less: current portion of long-term debt	-	-	(560)
	<u>\$ -</u>	<u>50,000</u>	<u>50,000</u>
Unused credit facilities	<u>\$ 250,000</u>	<u>400,000</u>	<u>50,000</u>
Interest rate	<u>-</u>	<u>1.95%</u>	<u>1.95%~5.83%</u>
Maturity year	<u>-</u>	<u>2025~2026</u>	<u>2026</u>

Please refer to note 8 for a description of the Group's assets pledged as collateral for the secured bank loans.

(n) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Current	<u>\$ 23,308</u>	<u>13,500</u>	<u>10,696</u>
Non-current	<u>\$ 36,808</u>	<u>24,342</u>	<u>22,169</u>

For the maturity analysis, please refer to note 6(v).

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest expense on lease liabilities	<u>\$ 397</u>	<u>183</u>	<u>706</u>	<u>371</u>
Expenses relating to short-term leases	<u>\$ 1,414</u>	<u>3,640</u>	<u>3,712</u>	<u>7,505</u>

The amounts recognized in the statements of cash flows for the Group were as follows:

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflows for leases	<u>\$ 15,792</u>	<u>15,279</u>

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Real estate leases

The Group leases lands and buildings for its office premise and warehouses. The leases for land-use rights typically run for a period of 50 years. The leases for office, factory and warehouses typically run for a period of 2 to 6 years.

(ii) Other leases

The Group leases transportation equipment, with lease terms of 2 to 3 years. For the short-term lease of transportation equipment and office premise, the Group has elected to apply exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(o) Employee benefits

For the three months and six months ended June 30, 2024 and 2023, the Group recognized the pension expenses of \$5,303, \$5,665, \$11,084, and \$11,520, respectively, in relation to the defined contribution plans.

(p) Income taxes

(i) The components of income tax expense were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Income tax expense	\$ <u>5,760</u>	<u>4,190</u>	<u>9,117</u>	<u>9,456</u>

(ii) The components of income tax expense recognized in other comprehensive income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	\$ <u>1,301</u>	<u>-</u>	<u>1,301</u>	<u>-</u>

(iii) For the six months ended June 30, 2024 and 2023, there was no income tax expense recognized directly in equity.

(iv) The Company's income tax returns for the years through 2022 have been examined and approved by the R.O.C. income tax authorities.

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(q) Capital and other equity

Except for the contents mentioned below, there were no significant changes in capital and other equity for the six months ended June 30, 2024 and 2023. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2023.

(i) Common stock

As of June 30, 2024, December 31 and June 30, 2023, the Company's authorized shares of common stock amounted to \$2,000,000, at par value of NTD 10 per share, and consisted of 200,000 thousand shares, of which 112,250 thousand shares were issued.

(ii) Capital surplus

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Paid-in capital in excess of par value	\$ 275,225	275,225	275,225
Changes in ownership interests in subsidiaries	40	29	11
Employee stock options	7,354	7,354	7,354
Unclaimed dividends reclassified to capital surplus	107	107	107
Treasury share transactions	29,454	29,454	29,454
Others	224	145	95
	<b><u>\$ 312,404</u></b>	<b><u>312,314</u></b>	<b><u>312,246</u></b>

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside or reversed in accordance with applicable laws and regulations. The remaining balance of the annual net income, together with unappropriated earnings from previous years, if any, can be distributed as dividends after the earnings distribution plan proposed by the Board of Directors and approved during the stockholders' meeting. The abovementioned distribution of earnings by way of cash dividends could be approved by the Company's Board of Directors and then reported to the Company's shareholders in their meeting. The dividend distribution policy shall be based on the Company's needs for business operation and growth as well as capital expenditure budget. If the Company has annual earnings and the distributable earnings for the year achieve 2% of the paid-in capital, the dividend distribution shall not be less than 10% of the distributable earnings for the year, of which the percentage of cash dividends shall not be less than 20% of the total dividends for the year.

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The appropriations of cash dividends of 2023 and 2022 earnings were approved by the Company's Board of Directors on February 27, 2024 and March 1, 2023, respectively. Other appropriations of 2023 and 2022 earnings was approved by the shareholders during their meeting on May 28, 2024 and May 26, 2023, respectively. The resolved appropriations were as follows:

	<b>2023</b>		<b>2022</b>	
	<b>Dividends per share (in NTD)</b>	<b>Amount</b>	<b>Dividends per share (in NTD)</b>	<b>Amount</b>
Legal reserve		\$ <u>-</u>		<u>7,837</u>
Dividends per share:				
Cash dividends	\$ 0.3	<u>33,675</u>	0.5	<u>56,125</u>

The related information is available on the Market Observation Post System website.

(iv) Other equity items (net after tax)

	<b>Foreign currency translation differences</b>	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance at January 1, 2024	\$ (42,567)	4,333	(38,234)
Foreign exchange differences arising from translation of foreign operations	19,042	-	19,042
Unrealized losses on financial assets measured at fair value through other comprehensive income	<u>-</u>	<u>(1,212)</u>	<u>(1,212)</u>
Balance at June 30, 2024	<u>\$ (23,525)</u>	<u>3,121</u>	<u>(20,404)</u>
Balance at January 1, 2023	\$ (35,927)	-	(35,927)
Foreign exchange differences arising from translation of foreign operations	(14,771)	-	(14,771)
Unrealized gains on financial assets measured at fair value through other comprehensive income	<u>-</u>	<u>3,527</u>	<u>3,527</u>
Balance at June 30, 2023	<u>\$ (50,698)</u>	<u>3,527</u>	<u>(47,171)</u>

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Non-controlling interests (net after tax)

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 95,384	89,338
Equity attributable to non-controlling interests		
Net income	3,394	2,455
Foreign exchange differences arising from translation of foreign operations	1,266	(1,105)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(808)	2,351
Distribution of cash dividends by subsidiaries to non-controlling interests	(4,056)	-
Changes in ownership interests in subsidiaries	7	-
Balance at June 30	<u><u>\$ 95,187</u></u>	<u><u>93,039</u></u>

(r) Earnings per share ("EPS")

(i) Basic earnings per share

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net income attributable to shareholders of the Company	<u><u>\$ 5,502</u></u>	<u><u>1,624</u></u>	<u><u>5,684</u></u>	<u><u>2,999</u></u>
Weighted-average number of common shares outstanding (in thousands)	<u><u>112,250</u></u>	<u><u>112,250</u></u>	<u><u>112,250</u></u>	<u><u>112,250</u></u>
Basic earnings per share (in New Taiwan Dollar)	<u><u>\$ 0.05</u></u>	<u><u>0.02</u></u>	<u><u>0.05</u></u>	<u><u>0.03</u></u>

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Net income attributable to shareholders of the Company	\$ <u>5,502</u>	<u>1,624</u>	<u>5,684</u>	<u>2,999</u>
Weighted-average number of common shares outstanding (in thousands)	112,250	112,250	112,250	112,250
Effect of dilutive potential common shares:				
Effect of employee remuneration in stock	<u>3</u>	<u>5</u>	<u>3</u>	<u>25</u>
Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common shares)	<u>112,253</u>	<u>112,255</u>	<u>112,253</u>	<u>112,275</u>
Diluted earnings per share (in New Taiwan Dollar)	\$ <u>0.05</u>	<u>0.02</u>	<u>0.05</u>	<u>0.03</u>

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Major products / services lines:				
Automation control	\$ 279,164	438,119	539,184	742,814
Mechanical transmission	220,191	116,759	426,378	342,946
Sales of semiconductor equipment consumables and equipment repair services	145,552	138,292	272,459	269,625
Energy management products	120,770	101,158	228,786	238,376
Others	<u>887</u>	<u>1,103</u>	<u>2,165</u>	<u>1,810</u>
	\$ <u>766,564</u>	<u>795,431</u>	<u>1,468,972</u>	<u>1,595,571</u>

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Notes and accounts receivable	\$ 911,845	943,021	944,466
Less: loss allowance	(22,614)	(22,310)	(28,146)
	<u>\$ 889,231</u>	<u>920,711</u>	<u>916,320</u>
Contract assets	<u>\$ 25,260</u>	<u>812</u>	<u>14,714</u>
Contract liabilities — advance receipts	<u>\$ 39,580</u>	<u>44,252</u>	<u>56,766</u>

For details on notes and accounts receivable and its loss allowance, please refer to note 6(e).

The major changes in the balance of contract assets and contract liabilities arose from the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amounts of revenue recognized for the six months ended June 30, 2024 and 2023, which were included in the contract liabilities balance at the beginning of the period, were \$25,398 and \$65,963, respectively.

(t) Remuneration to employees and directors

The Company's Articles of Incorporation requires that earnings, which refer to income before income tax before deducting the remuneration to employees, directors and supervisors, shall first to be offset against any deficit (including any retained earnings adjustment) then a range from 2% to 20% will be distributed as remuneration to its employees and no more than 1% to its directors. The abovementioned remuneration to employees shall be paid in shares or cash and remuneration to directors shall be paid in cash.

For the three months and six months ended June 30, 2024 and 2023, the Company accrued its remuneration to employees amounting to \$247, \$78, \$258 and \$151, respectively, and the remuneration to directors amounting to \$50, \$15, \$52 and \$30, respectively. The estimated amounts mentioned above are calculated based on the income before income tax of each period (excluding the remuneration to employees and directors), multiplied by the proposed percentage of remuneration to employees and directors and are recognized as operating expenses. The difference between accrual and actual payment, if any, will be accounted for as change in accounting estimate and be recognized in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

The Company did not accrue any remuneration to employees and directors for the year ended December 31, 2023 as it incurred a net loss in 2023. The estimated remuneration to employees and directors for 2022 were the same as the amount approved by the Board of Directors and were paid in cash. Related information is available at the Market Observation Post System website.

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) Non-operating income and loss

(i) Interest income

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 956	623	1,226	797
Interest income from financial assets measured at amortized cost	40	24	68	47
Others	11	17	24	51
	<u>\$ 1,007</u>	<u>664</u>	<u>1,318</u>	<u>895</u>

(ii) Other income

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Dividend income	\$ 1,034	996	1,034	996
Payables and advance receipts reclassified to income	52	9,481	937	9,481
Miscellaneous income	813	970	3,384	3,617
	<u>\$ 1,899</u>	<u>11,447</u>	<u>5,355</u>	<u>14,094</u>

(iii) Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Gains (losses) on lease modifications	\$ -	-	(13)	2
Foreign currency exchange gains (losses), net	1,642	(5,013)	5,571	(2,440)
Gains (losses) on financial instruments at fair value through profit or loss	(3,269)	3,406	(8,455)	245
Gains (losses) on disposal of property, plant and equipment	(17)	68	901	(201)
Gains on liquidation of subsidiaries	-	-	4,360	-
Others	(137)	(158)	(176)	(203)
	<u>\$ (1,781)</u>	<u>(1,697)</u>	<u>2,188</u>	<u>(2,597)</u>

(iv) Finance costs

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest expense on bank loans	\$ (1,337)	(1,722)	(2,528)	(3,763)
Interest expense on lease liabilities	(397)	(183)	(706)	(371)
	<u>\$ (1,734)</u>	<u>(1,905)</u>	<u>(3,234)</u>	<u>(4,134)</u>

(Continued)



**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Financial instruments

Except for the content mentioned below, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk and market risk arising from financial instruments. For the related information, please refer to notes 6(x) and 6(y) of the consolidated financial statements for the year ended December 31, 2023.

(i) Categories of financial instruments

1) Financial assets

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Financial assets at fair value through profit or loss — current	\$ 25	1,730	903
Financial assets at fair value through other comprehensive income — non-current	7,936	8,655	7,312
Financial assets measured at amortized cost:			
Cash and cash equivalents	527,900	391,843	455,758
Financial assets measured at amortized cost (including current and non-current)	4,403	4,211	9,217
Notes and accounts receivable	889,231	920,711	916,320
Other receivables	9,505	5,241	11,476
Refundable deposits	19,771	20,894	18,741
	<b><u>\$ 1,458,771</u></b>	<b><u>1,353,285</u></b>	<b><u>1,419,727</u></b>

2) Financial liabilities

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Financial liabilities at fair value through profit or loss — current	\$ 495	40	971
Financial liabilities measured at amortized cost:			
Short-term borrowings	172,033	134,599	168,655
Notes and accounts payable	400,703	364,024	395,551
Other payables	120,551	127,005	116,296
Cash dividends payable	37,731	-	56,125
Lease liabilities (including current and non-current)	60,116	37,842	32,865
Long-term debt (including current portion)	-	50,000	50,560
	<b><u>\$ 791,629</u></b>	<b><u>713,510</u></b>	<b><u>821,023</u></b>

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Fair value information

1) Financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments measured at fair value

The financial assets at fair value through profit or loss and the financial instruments at fair value through other comprehensive income are measured on a recurring basis. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

		<b>June 30, 2024</b>			
		<b>Fair Value</b>			
	<b>Carrying amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss:					
Derivatives—foreign exchange swap	\$ <u>25</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>
Financial liabilities at fair value through profit or loss:					
Derivatives—foreign currency forward contracts	\$ (440)	-	(440)	-	(440)
Derivatives—foreign exchange swaps	<u>(55)</u>	<u>-</u>	<u>(55)</u>	<u>-</u>	<u>(55)</u>
	<u>\$ (495)</u>	<u>-</u>	<u>(495)</u>	<u>-</u>	<u>(495)</u>
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	\$ <u>7,936</u>	<u>-</u>	<u>-</u>	<u>7,936</u>	<u>7,936</u>

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivatives— foreign currency forward contracts	\$ 459	-	459	-	459
Derivatives— foreign exchange swaps	1,271	-	1,271	-	1,271
	<u>\$ 1,730</u>	<u>-</u>	<u>1,730</u>	<u>-</u>	<u>1,730</u>
Financial liabilities at fair value through profit or loss:					
Derivatives— foreign currency forward contracts	<u>\$ (40)</u>	<u>-</u>	<u>(40)</u>	<u>-</u>	<u>(40)</u>
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	<u>\$ 8,655</u>	<u>-</u>	<u>-</u>	<u>8,655</u>	<u>8,655</u>
	June 30, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivatives— foreign exchange swaps	<u>\$ 903</u>	<u>-</u>	<u>903</u>	<u>-</u>	<u>903</u>
Financial liabilities at fair value through profit or loss:					
Derivatives— foreign currency forward contracts	\$ (663)	-	(663)	-	(663)
Derivatives— foreign exchange swaps	(308)	-	(308)	-	(308)
	<u>\$ (971)</u>	<u>-</u>	<u>(971)</u>	<u>-</u>	<u>(971)</u>
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	<u>\$ 7,312</u>	<u>-</u>	<u>-</u>	<u>7,312</u>	<u>7,312</u>

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Valuation techniques and assumptions used in fair value measurement

a) Non-derivative financial instruments

The fair value of unlisted stock held by the Group is estimated by using the market approach and is determined by reference to net worth, operating activities and the market value of other assets and liabilities of the investee. The significant unobservable inputs is primarily the liquidity discounts. No quantitative information is disclosed due to that the possible changes in liquidity discounts would not cause significant potential financial impact.

b) Derivative financial instruments

The fair value of derivative financial instruments is determined using the valuation techniques generally accepted by market participants. The fair values of foreign currency forward contracts and foreign exchange swaps are usually determined by the forward exchange rate.

4) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the six months ended June 30, 2024 and 2023.

5) Movement in financial assets included in Level 3 fair value hierarchy

Financial assets at fair value through other comprehensive income:

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 8,655	1,434
Recognized in other comprehensive loss	(719)	5,878
Balance at June 30	<u><b>7,936</b></u>	<u><b>7,312</b></u>

(iii) Credit risk

Please refer to note 6(e) for credit risk exposure of notes and accounts receivable. Other financial assets amortized at cost includes other receivables, which are considered as low-credit-risk financial assets; therefore, the loss allowance are measured using 12-month ECL. Please refer to note 6(f) for ECL assessment.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of June 30, 2024, December 31 and June 30, 2023, the Group had unused credit facilities of \$2,500,046, \$2,704,216 and \$2,590,502, respectively.

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including principal and interest.

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>June 30, 2024</b>					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 172,778	172,778	-	-	-
Notes and accounts payable	400,703	400,703	-	-	-
Other payables	120,551	120,551	-	-	-
Cash dividends payable	37,731	37,731	-	-	-
Lease liabilities (including current and non-current)	<u>62,387</u>	<u>24,697</u>	<u>22,598</u>	<u>15,092</u>	<u>-</u>
	<u><b>\$ 794,150</b></u>	<u><b>756,460</b></u>	<u><b>22,598</b></u>	<u><b>15,092</b></u>	<u><b>-</b></u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 151,838	151,838	-	-	-
Inflow	(151,398)	(151,398)	-	-	-
Foreign exchange swaps:					
Outflow	88,871	88,871	-	-	-
Inflow	<u>(88,841)</u>	<u>(88,841)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 470</b></u>	<u><b>470</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
<b>December 31, 2023</b>					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 135,353	135,353	-	-	-
Long-term debt (including current portion)	52,126	1,004	975	50,147	-
Notes and accounts payable	364,024	364,024	-	-	-
Other payables	127,005	127,005	-	-	-
Lease liabilities (including current and non-current)	<u>39,304</u>	<u>14,287</u>	<u>10,914</u>	<u>14,103</u>	<u>-</u>
	<u><b>\$ 717,812</b></u>	<u><b>641,673</b></u>	<u><b>11,889</b></u>	<u><b>64,250</b></u>	<u><b>-</b></u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 128,328	128,328	-	-	-
Inflow	(128,747)	(128,747)	-	-	-
Foreign exchange swaps:					
Outflow	181,772	181,772	-	-	-
Inflow	<u>(183,043)</u>	<u>(183,043)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>\$ (1,690)</b></u>	<u><b>(1,690)</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>June 30, 2023</b>					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 169,483	169,483	-	-	-
Notes and accounts payable	395,551	395,551	-	-	-
Other payables	116,296	116,296	-	-	-
Cash dividends payable	56,125	56,125	-	-	-
Lease liabilities (including current and non-current)	34,101	11,268	7,905	14,928	-
Long-term debt (including current portion)	<u>53,183</u>	<u>1,570</u>	<u>975</u>	<u>50,638</u>	<u>-</u>
	<u><b>\$ 824,739</b></u>	<u><b>750,293</b></u>	<u><b>8,880</b></u>	<u><b>65,566</b></u>	<u><b>-</b></u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 118,518	118,518	-	-	-
Inflow	(117,855)	(117,855)	-	-	-
Foreign exchange swaps:					
Outflow	201,195	201,195	-	-	-
Inflow	<u>(201,790)</u>	<u>(201,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 68</b></u>	<u><b>68</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(v) Foreign currency risk

At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency other than the respective functional currency of the Group entities were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

<b>June 30, 2024</b>					
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD (in thousands)</u>	<u>Change in magnitude</u>	<u>Effect on profit or loss (in thousands)</u>
<u>Financial assets</u>					
<u>Monetary items</u>					
CNY	\$ 20,013	4.4658	89,374	1 %	894
USD	4,522	32.45	146,739	1 %	1,467
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$ 4,093	32.45	132,818	1 %	1,328
JPY	13,250	0.2017	2,673	1 %	27

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2023</b>					
	<b>Foreign currency (in thousands)</b>	<b>Exchange rate</b>	<b>NTD (in thousands)</b>	<b>Change in magnitude</b>	<b>Effect on profit or loss (in thousands)</b>
<u>Financial assets</u>					
<u>Monetary items</u>					
CNY	\$ 42,002	4.3364	182,137	1 %	1,821
USD	5,020	30.75	154,365	1 %	1,544
JPY	10,083	0.2175	2,193	1 %	22
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$ 3,310	30.75	101,783	1 %	1,018
JPY	33,129	0.2175	7,206	1 %	72

<b>June 30, 2023</b>					
	<b>Foreign currency (in thousands)</b>	<b>Exchange rate</b>	<b>NTD (in thousands)</b>	<b>Change in magnitude</b>	<b>Effect on profit or loss (in thousands)</b>
<u>Financial assets</u>					
<u>Monetary items</u>					
CNY	\$ 47,623	4.2897	204,288	1 %	2,043
USD	4,505	31.10	140,106	1 %	1,401
JPY	4,993	0.2148	1,072	1 %	11
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$ 4,445	31.10	138,240	1 %	1,382
JPY	26,406	0.2148	5,672	1 %	57

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were disclosed in an aggregate amount. Please refer to note 6(u) for the aggregate amount of realized and unrealized foreign exchange gain (loss) for the six months ended June 30, 2024 and 2023.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(y) of the consolidated financial statements for the year ended December 31, 2023.

(x) Capital management

The objectives, policies and processes of capital management of the Group are in conformity with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2023 for related details.

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(y) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes			
	January 1, 2024	Cash flows	Effect of foreign exchange rate	Additions to lease liabilities	Disposals of lease liabilities	June 30, 2024
Short-term borrowings	\$ 134,599	32,545	4,889	-	-	172,033
Long-term debt (including current portion)	50,000	(50,000)	-	-	-	-
Lease liabilities	37,842	(11,374)	344	33,714	(410)	60,116
Total liabilities from financing activities	<u>\$ 222,441</u>	<u>(28,829)</u>	<u>5,233</u>	<u>33,714</u>	<u>(410)</u>	<u>232,149</u>

			Non-cash changes			
	January 1, 2023	Cash flows	Effect of foreign exchange rate	Additions to lease liabilities	Disposals of lease liabilities	June 30, 2023
Short-term borrowings	\$ 229,235	(56,778)	(3,802)	-	-	168,655
Long-term debt (including current portion)	100,653	(50,110)	17	-	-	50,560
Lease liabilities	36,453	(7,403)	(71)	4,037	(151)	32,865
Total liabilities from financing activities	<u>\$ 366,341</u>	<u>(114,291)</u>	<u>(3,856)</u>	<u>4,037</u>	<u>(151)</u>	<u>252,080</u>

**7. Related-party transactions**

(a) Parent company and ultimate controlling party

DFI Inc. (“DFI”) is the parent company of the Company and owns 48.06% of the outstanding shares of the Company as of June 30, 2024 and 2023. Qisda Corporation (“Qisda”) is the ultimate controlling party of the Group. DFI and Qisda have issued the consolidated financial statements for public use.

(b) Name and relationship with related parties

The following are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda Corporation (“Qisda”)	The Group’s ultimate controlling party
DFI Inc. (“DFI”)	The Group’s parent company
Yan Ying Hao Trading (ShenZhen) Co., Ltd. (“DYTH”)	Qisda’s subsidiary
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Qisda’s subsidiary
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Qisda’s subsidiary
BenQ Material Corp. (“BMC”)	Qisda’s subsidiary
BenQ Corp. (“BenQ”)	Qisda’s subsidiary
BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	Qisda’s subsidiary
BenQ Asia Pacific Corp. (“BQP”)	Qisda’s subsidiary
BenQ AB DentCare Corporation (“BABD”)	Qisda’s subsidiary
BenQ Healthcare Corporation (“BHS”)	Qisda’s subsidiary

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Group</u>
Metaguru Corporation (“MRU”)	Qisda’s subsidiary
Guru Systems (Suzhou) Co., Ltd.	Qisda’s subsidiary
MetaAge Corporation (“MetaAge”)	Qisda’s subsidiary
AdvancedTEK International Corp. (“AdvancedTEK”)	Qisda’s subsidiary
Concord Medical Co., Ltd. (“Concord”)	Qisda’s subsidiary
Global Intelligence Network Co., Ltd. (“Ginnet”)	Qisda’s subsidiary
Partner Tech Corp. (“PTT”)	Qisda’s subsidiary
Epic Cloud Co., Ltd. (“Epic Cloud”)	Qisda’s subsidiary
Action Star Technology Co., Ltd. (“AST”)	Qisda’s subsidiary
BenQ Foundation	Qisda’s substantive related party
AU Optronics Corp. (“AU”)	A corporate director of Qisda that accounted its investment in Qisda using the equity method
AU Optronics (Xiamen) Corp. (“AUXM”)	AU’s subsidiary
AUO Crystal Corp. (“ACTW”)	AU’s subsidiary
Darwin Precisions Corporation (“Darwin”)	AU’s subsidiary
TD HiTech Energy Inc (“TDI”)	Qisda’s associate
Darfon Energy Technology Corp. (“DET”)	Qisda’s associate
Visco Vision Inc. (“Visco Vision”)	Qisda’s associate
Symbio Inc. (“Symbio”)	One of the Company’s directors is Symbio’s key management
Pro Accutech Co., Ltd. (“Pro Accutech”)	One of the Company’s directors is Pro Accutech’s key management
Avatack Co., Ltd. (“Avatack”)	One of the Company’s directors is Avatack’s key management
Four Pillars Enterprise Co., Ltd. (“Four Pillars”)	One of the Company’s directors is Four Pillars’ key management

(c) Significant related-party transactions

(i) Revenue

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Ultimate controlling party	\$ 1,844	972	4,160	4,185
Parent company	-	2,978	-	2,978
Other related parties	24,259	19,136	41,409	36,746
	<u>\$ 26,103</u>	<u>23,086</u>	<u>45,569</u>	<u>43,909</u>

The selling prices and payment terms of sales to related parties depend on the economic environment and market competition, and are not comparable to those with third-party customers.

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Purchases

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Parent company	\$ 1,416	2,578	1,803	7,727
Other related parties	881	804	1,820	939
	<u>\$ 2,297</u>	<u>3,382</u>	<u>3,623</u>	<u>8,666</u>

There are no significant differences between the purchase prices for related parties and those for third-party vendors. The payment terms of 2-month show no significant difference between related parties and third-party vendors.

(iii) Receivables from related parties

Account	Related-party categories	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	Ultimate controlling party	\$ 1,308	840	1,014
	Parent company	-	606	-
	Other related parties	21,384	21,253	22,405
Other receivables	Other related parties	-	112	-
		<u>\$ 22,692</u>	<u>22,811</u>	<u>23,419</u>

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Related-party categories	June 30, 2024	December 31, 2023	June 30, 2023
Notes and accounts payable	Parent company	\$ 968	131	2,565
	Other related parties	997	442	890
Other payables	Ultimate controlling party	247	199	371
	Parent company	700	700	1,287
	Other related parties	560	902	552
Dividends payable	Parent company	16,187	-	26,979
		<u>\$ 19,659</u>	<u>2,374</u>	<u>32,644</u>

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Lease

The Group leased office premise from Qisda and the rental rate is determined by reference to the nearby office rental rates and the rent is paid monthly. For the six months ended June 30, 2024, additions to right-of-use assets amounted to \$1,268. For the three months and six months ended June 30, 2024 and 2023, the related interest expenses on lease liabilities amounted to \$10, \$2, \$21 and \$5, respectively. As of June 30, 2024, December 31 and June 30, 2023, the balances of the lease liabilities amounted to \$1,515, \$482 and \$547, respectively.

The Group leased its office premise to related parties. For the three months and six months ended June 30, 2024 and 2023, the rental income amounted to \$852, \$710, \$1,704 and \$1,139, respectively, and was classified as other income.

(d) Compensation for key management personnel

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 2,376	3,173	4,756	6,663
Post-employment benefits	-	50	43	101
	<u>\$ 2,376</u>	<u>3,223</u>	<u>4,799</u>	<u>6,764</u>

**8. Pledged assets**

The carrying amounts of the assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	June 30, 2024	December 31, 2023	June 30, 2023
Pledged time deposits (classified as financial assets measured at amortized cost — current)	Customs guarantee	\$ 1,016	1,000	1,000
Other equipment	Long-term debt	-	-	103
Notes receivable	Short-term borrowings	101,224	80,904	75,005
Property, plant and equipment	Guarantee for procurement	22,106	24,146	29,190
		<u>\$ 124,346</u>	<u>106,050</u>	<u>105,298</u>

**9. Significant commitments and contingencies**

As of June 30, 2024, December 31 and June 30, 2023, the Group had issued promissory notes amounting to \$2,152,000, \$2,305,750 and \$2,288,600, respectively, as collateral for obtaining credit facilities from financial institutions.

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**10. Significant losses due to major disasters: None**

**11. Significant subsequent events:**

In response to the long-term operational development of the Group and business expansion, the Company's Board of Directors approved the acquisition of 39% ownership of Transpak Equipment Corporation ("Transpak") for \$690,000 on June 24, 2024, and the Group thus obtained control of Transpak. The acquisition of Transpak enables the Group to develop its markets in America and Europe, to integrate the sales of palletizing solution based on AI machine vision, to provide customers with a full range of products and services, and to improve its market competitiveness.

**12. Others:**

(a) Employee benefits, depreciation, and amortization categorized by function were as follows:

	For the three months ended June 30, 2024			For the three months ended June 30, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	-	90,077	90,077	-	83,819	83,819
Insurance	-	9,186	9,186	-	9,436	9,436
Pension	-	5,303	5,303	-	5,665	5,665
Others	-	3,240	3,240	-	2,729	2,729
Depreciation	50	12,066	12,116	53	9,653	9,706
Amortization	-	3,310	3,310	-	3,485	3,485

	For the six months ended June 30, 2024			For the six months ended June 30, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	-	177,599	177,599	-	165,731	165,731
Insurance	-	18,994	18,994	-	19,647	19,647
Pension	-	11,084	11,084	-	11,520	11,520
Others	-	6,279	6,279	-	5,592	5,592
Depreciation	99	23,202	23,301	144	19,305	19,449
Amortization	-	6,787	6,787	-	6,866	6,866

(b) Seasonality operations

The Group's operations were not significantly influenced by seasonality or cyclicity factors.

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**13. Additional disclosures**

- (a) Information on significant transactions:
- (i) Financing provided to other parties: Table 1 (attached)
  - (ii) Guarantee and endorsement provided to other parties: None
  - (iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities): Table 2 (attached)
  - (iv) Marketable securities for which the accumulated purchase or sale amounts exceed \$300 million or 20% of the paid-in capital: None
  - (v) Acquisition of real estate which exceeds \$300 million or 20% of the paid-in capital: None
  - (vi) Disposal of real estate which exceeds \$300 million or 20% of the paid-in capital: None
  - (vii) Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital: None
  - (viii) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: None
  - (ix) Information about derivative instrument transactions: Please refer to note 6(b)
  - (x) Business relationships and significant intercompany transactions: Table 3 (attached)
- (b) Information on investees: Table 4 (attached)
- (c) Information on investment in Mainland China: Table 5 (attached)
- (d) Major shareholders:

<b>Major Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
DFI Inc.		53,958,069	48.06 %
Han-Yu Investment Co., Ltd.		10,176,013	9.06 %
Chief Investment Co., Ltd.		7,329,443	6.52 %
Rido Investment Co., Ltd.		5,711,538	5.08 %

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**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**14. Segment information**

The Group has four reportable segments: the Taiwan operating segment, the China operating segment, the sales and service of semiconductor equipment material segment, and the energy saving and storage segment. The Taiwan operating segment is a distributor for the sale of inverters and automation control and mechanical transmission systems in Taiwan, while the China operating segment is a distributor for the sale of mechanical transmission and automation control systems and the wholesale and retail of industrial robotics related products in China. The sales and service of semiconductor equipment material segment mainly engages in the sales of semiconductor, optoelectronics and machinery equipment in Taiwan and China. The energy saving and storage segment mainly engages in the sales and service of energy management products. The Group has other operating segments that have not yet reached the quantitative threshold, mainly engaged in the sales of mechanical transmission and automation control systems in other regions.

The classification of the segments is based on the geographical location or products and services. Each segment manages and caters to the different needs of their customers, as well as the needs of different marketing strategies, and thus, should be managed separately.

The operating segment's accounting policies are similar to those described in note 4. The Group uses income (loss) before income tax as the measurement for each segment's profit and the basis of resource allocation and performance assessment. The reporting amount is consistent with the report used by chief operating decision maker. Sales and transfer among reportable segments are recorded in line with sales to third-party customers.

The Group's operating segment information and reconciliation are as follows:

<b>For the three months ended June 30, 2024</b>							
			<b>Sales of semiconductor equipment consumables and equipment repair services</b>	<b>Energy saving and storage</b>	<b>Others</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
	<b>Taiwan</b>	<b>Mainland China</b>					
External revenue	\$ 240,296	259,946	145,552	120,770	-	-	766,564
Intra-group revenue	93	25,342	4,814	-	-	(30,249)	-
Total segment revenue	<u>\$ 240,389</u>	<u>285,288</u>	<u>150,366</u>	<u>120,770</u>	<u>-</u>	<u>(30,249)</u>	<u>766,564</u>
Segment profit (loss)	<u>\$ 7,896</u>	<u>(14,041)</u>	<u>10,266</u>	<u>11,163</u>	<u>2</u>	<u>(2,016)</u>	<u>13,270</u>

  

<b>For the three months ended June 30, 2023</b>							
			<b>Sales of semiconductor equipment consumables and equipment repair services</b>	<b>Energy saving and storage</b>	<b>Others</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
	<b>Taiwan</b>	<b>Mainland China</b>					
External revenue	\$ 208,682	346,374	138,292	101,158	925	-	795,431
Intra-group revenue	6	19,379	936	-	-	(20,321)	-
Total segment revenue	<u>\$ 208,688</u>	<u>365,753</u>	<u>139,228</u>	<u>101,158</u>	<u>925</u>	<u>(20,321)</u>	<u>795,431</u>
Segment profit (loss)	<u>\$ 1,378</u>	<u>(5,795)</u>	<u>8,009</u>	<u>6,336</u>	<u>(586)</u>	<u>(2,124)</u>	<u>7,218</u>

(Continued)

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the six months ended June 30, 2024							
			Sales of semiconductor equipment consumables and equipment repair services	Energy saving and storage	Others	Adjustments and eliminations	Total
	<u>Taiwan</u>	<u>Mainland China</u>					
External revenue	\$ 468,144	499,583	272,459	228,786	-	-	1,468,972
Intra-group revenue	93	41,026	5,948	-	-	(47,067)	-
Total segment revenue	<u>\$ 468,237</u>	<u>540,609</u>	<u>278,407</u>	<u>228,786</u>	<u>-</u>	<u>(47,067)</u>	<u>1,468,972</u>
Segment profit (loss)	<u>\$ 4,189</u>	<u>(22,990)</u>	<u>16,842</u>	<u>19,633</u>	<u>5,091</u>	<u>(4,570)</u>	<u>18,195</u>

  

For the six months ended June 30, 2023							
			Sales of semiconductor equipment consumables and equipment repair services	Energy saving and storage	Others	Adjustments and eliminations	Total
	<u>Taiwan</u>	<u>Mainland China</u>					
External revenue	\$ 443,683	642,905	269,625	238,376	982	-	1,595,571
Intra-group revenue	342	33,404	1,986	-	-	(35,732)	-
Total segment revenue	<u>\$ 444,025</u>	<u>676,309</u>	<u>271,611</u>	<u>238,376</u>	<u>982</u>	<u>(35,732)</u>	<u>1,595,571</u>
Segment profit (loss)	<u>\$ 3,544</u>	<u>(20,866)</u>	<u>13,479</u>	<u>22,588</u>	<u>(856)</u>	<u>(2,979)</u>	<u>14,910</u>

ACE PILLAR CO., LTD. AND SUBSIDIARIES  
Financing provided to other parties  
For the six months ended June 30, 2024  
(Amounts in thousands of New Taiwan Dollar, unless specified otherwise)

Table 1

No.	Financing Company	Counter-Party	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Drawdown Amounts	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
0	The Company	Tianjin Ace Pillar	Other receivables from related parties	Yes	246,032	223,290	89,316	0%~2%	2	-	Operating requirement	-	-	-	391,761	783,521
0	The Company	Suzhou Super Pillar	Other receivables from related parties	Yes	87,796	-	-	0%	2	-	Operating requirement	-	-	-	391,761	783,521
1	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	22,782	22,715	22,715	0%	2	-	Operating requirement	-	-	-	533,709	533,709
2	Porton	Tianjin Ace Pillar	Other receivables from related parties	Yes	13,018	12,980	12,980	0%	2	-	Operating requirement	-	-	-	407,133	407,133
3	Suzhou Super Pillar	Tianjin Ace Pillar	Other receivables from related parties	Yes	44,733	44,658	44,658	3%	2	-	Operating requirement	-	-	-	114,512	114,512

Note 1: The aggregate financing amount shall not exceed 40% of the latest audited or reviewed net worth of the Company, within which the short-term financing amount to subsidiaries shall not exceed 20% of net worth of the abovementioned net worth of the Company.

Note 2: The aggregate financing amount and the individual financing amount of Cyber South and Proton shall not exceed 10% and 5%, respectively, of the most recent net worth of subsidiaries. For the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, which are not located in Taiwan, for the purpose of lending operating capital, the amount of financing offered to a single company owned by the Company shall not exceed 100% of the net worth of subsidiaries.

Note 3: The aggregate financing amount and the individual financing amount of Suzhou Super Pillar shall not exceed 40% and 20%, respectively, of the most recent net worth of subsidiaries. For the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, which are not located in Taiwan, for the purpose of lending operating capital, the amount of financing offered to a single company owned by the Company shall not exceed 100% of the net worth of subsidiaries.

Note 4: Nature of Financing

1 Business transaction purpose

2 Short-term financing purpose

Note 5: The above transactions are eliminated when preparing the consolidated financial statements.



**ACE PILLAR CO., LTD. AND SUBSIDIARIES**

**Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities)**

**June 30, 2024**

**(Amounts in thousands of New Taiwan Dollar / shares / units, unless specified otherwise)**

Table 2

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	June 30, 2024				Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair value	
STC	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income—non-current	27	Note 1	1.36%	-	-
STC	Stock: COMPITEK CORP PTE LTD. (CPL)	-	Financial assets at fair value through other comprehensive income—non-current	36	7,936	6.28%	7,936	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost—non-current	USD 100	3,387	-	3,387	-

Note 1: The impairment loss was fully recognized.

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Business relationships and significant intercompany transactions**  
**For the six months ended June 30, 2024**  
**(Amounts in thousands of New Taiwan Dollar, unless specified otherwise)**

Table 3

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
				Financial Statements Account	Amount (Note 3)	Payment Terms	Percentage of Consolidated Operating Revenue or Total Assets (Note 4)
0	The Company	Tianjin Ace Pillar	1	Other receivables—loans	89,316	1 year	2.96%
1	Advancedtek Ace	Tianjin Ace Pillar	3	Revenue	37,414	T/T 30 days	2.55%
2	Suzhou Super Pillar	Tianjin Ace Pillar	3	Other receivables—loans	44,658	1 year	1.48%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

1. “0” represents the Company.
2. Subsidiaries are numbered from “1”.

Note 2: The relationships with counterparties are as follows:

- No. “1” represents the transactions from the Company to subsidiary.  
No. “2” represents the transactions from subsidiary to the Company.  
No. “3” represents the transactions between subsidiaries.

Note 3: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated operating revenue or total assets.  
The corresponding purchases and accounts payables are not disclosed.

Note 4: The percentage is based on the transaction amount divided by consolidated operating revenues or consolidated total assets.

Note 5: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Information on investees (excluding information on investments in Mainland China)**  
**For the six months ended June 30, 2024**  
**(Amounts in thousands of New Taiwan Dollar / shares, unless specified otherwise)**

Table 4

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note)		Balances as of June 30, 2024			Net Income (Loss) of the Investee	Share of Profit/ (Loss) of the Investee	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
The Company	Cyber South	SAMOA	Investment and holding activity	107,041	107,041	4,669	100.00%	533,709	(14,384)	(14,566)	Note 1
The Company	Hong Kong Ace Pillar	Hong Kong	Sales of automation mechanical transmission system and component	-	5,120	-	-	-	-	-	Note 4
Cyber South	Proton	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	407,133	(22,677)	Note 2	Note 1
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	3,075	398	Note 2	Note 1
The Company	STC	Taiwan	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	187,000	187,000	6,084	60.00%	218,464	11,167	5,060	Note 1
STC	STCBVI	B.V.I.	Investment and holding activity	21,727	21,727	600	100.00%	106,751	7,317	Note 2	Note 1
The Company	AEG	Taiwan	Energy technology service	166,760	166,760	4,993	99.86%	222,037	14,832	14,811	Note 1
AEG	BlueWalker GmbH	Germany	Sales and service of energy management products	138,804	138,804	Note 3	100.00%	183,883	11,051	Note 2	Note 1

Note: Original investment amounts include capitalization of retained earnings.

Note 1: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

Note 2: The share of profit or losses of the investee company is not disclosed herein as such amount is already included in the share of profit or losses of the investor company.

Note 3: There were no shares as the company is a limited liability company.

Note 4: Hong Kong Ace Pillar approved its dissolution in July 2023 and was liquidated in February 2024.

**ACE PILLAR CO., LTD. AND SUBSIDIARIES**  
**Information on investment in Mainland China**  
**For the six months ended June 30, 2024**  
**(Amounts in thousands of New Taiwan Dollar and other currencies)**

Table 5

1. Information on investments in Mainland China:

Name of Investee	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2024	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 3)	Carrying Value as of June 30, 2024	Accumulated Inward Remittance of Earnings as of June 30, 2024
					Outflow	Inflow						
Tianjin Ace Pillar	Sales of automation mechanical transmission system and component	1,145,388 (USD 35,297)	Direct and indirect investment	63,278 (USD 1,950)	-	-	63,278 (USD 1,950)	(27,202)	100.00%	(27,202)	480,991	125,533
Grace Transmission	Manufacture of automation mechanical transmission system and component	-	Indirect investment	5,192 (USD 160)	-	-	5,192 (USD 160)	-	Note 5	-	-	-
Advancedtek Ace	Electronic system integration	9,735 (USD 300)	Indirect investment	4,868 (USD 150)	-	-	4,868 (USD 150)	398	100.00%	398 (USD 12)	3,046 (USD 94)	-
Suzhou Super Pillar	Manufacture and technology service of automation mechanical transmission system and control products	47,053 (USD 1,450)	Indirect investment	Note 2	-	-	Note 2	3,663	100.00%	3,663 (USD 115)	114,512 (USD 3,529)	-
Shanghai STC	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	15,576 (USD 480)	Indirect investment	15,576 (USD 480)	-	-	15,576 (USD 480)	7,262	100.00%	7,262	103,071	150,067

Note 1: Total amounts of paid-in capital includes direct investment and capitalization of liabilities.

Note 2: Established by Cyber South's reinvestment.

Note 3: Investment income or loss recognized based on the financial statements audited by the auditors of the Company.

Note 4: The amounts were translated into New Taiwan Dollar at the exchange rates of US\$1=NTD 32.45 and CNY 1=NTD 4.4658.

Note 5: Grace Transmission approved its dissolution in January 2022 and was liquidated in January 2024.

2. Limits on investments in Mainland China:

Company Name	Accumulated Investment in Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
ACE	166,112 (USD 5,119)	166,112 (USD 5,119)	1,232,394
STC	15,576 (USD 480)	15,576 (USD 480)	114,412

Note 1: The Group's investment in Delta Greentech (China) Co., Ltd. for USD 2,859 thousand was authorized by Investment Commission, MOEA.

In 2011, the Group sold all of its equity interest in Delta Greentech (China) Co., Ltd. which was reported to Investment Commission, MOEA on August 5, 2011 but the investment was not yet retired.

Note 2: The amounts were translated into New Taiwan Dollar at the exchange rates of US\$1=NTD 32.45.

Note 3: Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.

3. Significant transactions with investee companies in Mainland China:

The transactions between parent and investee companies in Mainland China (the intercompany transaction) have been eliminated when preparing the consolidated financial statements.

Please refer to section "Information on significant transactions" and "Business relationships and significant intercompany transactions" for detail description.