Stock Code:8374
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ACE PILLAR CO., LTD.

2022 Annual Report

Printed on April 10, 2023

I. Spokesperson

Spokesperson		Deputy Spokesperson	
Name :	Chang-Chien Li	Name :	Kuo-Mei Chen
Title :	President	Title :	Senior Director
Tel :	(02) 2995-8400	Tel :	(02) 2995-8400
E-mail :	chris.li@acepillar.com.tw	E-mail :	denise_chen@acepillar.com.tw

II. Location & Phone

Address: 25F., No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City

Tel: (02) 2995-8400

III. Stock Transfer Agency

Name: : Stock Transfer Agency Department of Taishin Securities Co., Ltd

Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City

Website: https://www.tssco.com.tw

Tel: (02)2504-8125

IV. Contact Information of the Certified Public Accountants for the Latest Financial Report:

Name: Wei-Ming Shih ,Mei -Yen Chen

CPA Firm: KPMG Peat Marwick

Address: Taipei 101 Tower, 68F, No.7, Sec. 5, Xinyi Road, Taipei City

Tel: (02) 8101-6666

Website: https:// www.kpmg.com.tw

V. Overseas Trade Places and Related Information for Listed Negotiable Securities: None.

VI. Website: http://www.acepillar.com.tw

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I. Letter to Shareholders

Implementation Results of 2022 Business Plan

In the post-pandemic age of 2022, the global economy faced the rapid disappearance of the dividends of the pandemic with inventory in the supply chain piling up. In addition, the Russia-Ukraine war broke out, the expenditure budget is being sidelined, and inflation suppressed demands, along with the ongoing geopolitics and the US-China technology war. Consequently, the company's operational capability faced great challenge. In alliance with Standard Technology Corp., ACE Energy Co., Ltd., and Bluewalker, the company made strong efforts to lay out intelligent automation/green energy/semiconductor and this cooperation gave the group great benefits in 2022. The net consolidated revenue of the company in 2022 was NT$3.762 billion, growing by 3% compared to 2021. However, because the China pandemic management policy moved from strict zero COVID policy to the lifting of lockdowns, the consolidated operating profit was affected by NT$96 million, and the consolidated after-tax earnings was NT$98 million, a 35% decrease compared with the previous year, in which the net profit attributable to shareholders of the parent company was NT$79 million, and the after-tax earnings per share was NT$0.7.

The main products introduced by the company in 2022 were: DeltaGrid Energy Management Solution, DELTA MPD, Servo, Motion Controller AX3 and AX8 series, Digital Force Sensor MSR series, Generation II CNC NC5 series of Delta, ES220 series industrial computer of DFI, and ESD protection systems of Mactech, among others. In terms of energy products, in Taiwan, we strengthened our energy-saving and carbon reduction service, enlarged integration of green energy, and performed remote control through the cloud management platform of Power Eye; in Europe, we launched the solar energy saving system to grasp the business opportunities of distributed power grid. With regard to semiconductor industry, we imported the measurement solution of stochastic error, which had been adopted by major memory manufacturers and is actively promoted to the logic chips makers now. In addition, early in 2022, the company also established the intelligent application center and recruited the top talents in the industry in order to carry out the overall service by expanding the business model from parts and accessories trading to automation system integration. In 2022, the entire robot peripheral and system sale had hugely grown, and we received the cases of automation system related to domestic famous biotechnology and health, food, and electronics, which are expected to make significant contributions to revenue and profit in the future.

Profitability Analysis：

ITEM			2022	2021
Financial status	Cash flows from operating activities(NT$ k)		(1,331)	13,983
	Cash flows from investing activities(NT$ k)		(90,978)	(285,345) (Note)
	Cash flows from financing activities(NT$ k)		(12,931)	(101,673)
Profitability	Return on assets (%)		3.24	5.21
	Return on equity (%)		4.63	7.40
	paid-in capital	Operating income(%)	8.53	16.93
		Income before income tax(%)	11.46	17.01
	Profit margin (%)		2.59	4.1
	Earnings per share (NT$)		0.70	1.32

Note: The outflow of investment activities in 2021 was higher, mainly due to purchase of new office building for operational needs.

Research and Development Overview：

The company is an automation electrical parts and components agent and a technical service provider, so there is no research and development component.

Summary of 2023 Business Plan

The business policy and important production and marketing policy of the company in 2023 is as follows:

1. Deepen the strategic partnership with suppliers and customers, import advanced smart manufacturing, AI automation and energy-saving & energy storage products, especially the buildup of AIOT related software and system framework of MES, SCADA, etc. to meet the demands of customers in different manufacturing industries for management and intelligence of the whole smart factory.
2. Continue to lay out and plan more complete total solutions in intelligent automation and energy management, increase ACE PILLAR's value for customers, have precise control of customers' needs by way of empathy-based after-sales service and quick response, and assist customers in industry upgrading and global competitiveness promotion.
3. Optimize and enlarge energy-saving and UPS segments, actively look for cooperation partners, expand integration of green energy and energy storage, and offer more complete green energy integration services.
4. Actively expand development of system/equipment/component/consumables in the field of semiconductor, deploy technology in the optronic and semiconductor industry, strengthen technical service capability, and increase the company's competitiveness.
5. Integrate resources of the group, cooperate with strategic partners, and continue to move towards the Total Solutions Provider in intelligent automation and green energy.
6. Continue to optimize the inventory management mechanism, and strive to meet customers' demands for optimal delivery time and inventory management in order to increase the company's competitiveness and profitability.
7. Continue to move towards ESG, strive for corporate sustainable development, and do our best in corporate social responsibilities.

Looking forward to 2023, the macro-environment is still full of all kinds of uncertain factors. ACE PILLAR Co., Ltd. will continue to pay attention to every change in international scenario, economic development, etc., and the company shall remain adaptable at all times. We anticipate standing steady in the difficult environment. The company will also continue to adhere to the philosophy of sustainable development, implement corporate governance regulations, create a working environment of sustainable development for employees, provide customers with more value-added services, and bring the best interests for shareholders.

Chairman: Chang-Hung Lee　　President: Chang-Chien Li　　Accounting Supervisor: Kuo-Mei Chen

II. Company Profile

(I) Date of Founding: March 31. 1984

(II) Company History:

1984 Ace Pillar Trade Co. was established with a capital of NT$2,000,000 to distribute transmission parts and components.

1987 Danfoss products imported from Denmark began trial sales and were successfully used in trademark printing machines.
Acquired the exclusive distributorship of electromagnetic clutch and brakes in Taiwan from Rosen Co. Ltd.

1988 Introduced Japan Yokogawa Electric DD direct drive servo motor and its control technology, which was successfully applied to label printer.
Acquired the direct distributorship of Helical Corporation (USA) and Centa Corporation (Germany).

1991 Obtained the sole distributorship of Step Precision Division of Danfoss in Taiwan.
Acquired the sole distributorship of Zero-Max, Inc.
Expanded business in Central Taiwan and established Taichung sales office.

1992 Moved the head office to the purchased Armstrong corporate headquarters; expanded the business in the southern region and established the Tainan sales office.

1996 Acquired the distributorship of Delta General Purpose Inverter from Delta Electronics Inc.

1999 Acquired distributorship of ATLANTA (Germany) and CAMCO (USA).

2001 Ace Pillar Trade Co. changed its name to Ace Pillar Co., Ltd.
Investment in Tianjin Ace Pillar Co., Ltd. with 21.04% shareholding.

2002 Acquired the distributorship of TECO's general-purpose servo motors.
Reinvestment in Tianjin Ace Pillar Co., Ltd. and acquired 49.73% of the shares, resulting in a consolidated ownership of 70.77%.
Approved as a public company by the Securities and Futures Commission, Ministry of Finance.
Received ISO-9001: 2000 International Quality Certification.

2003 Acquired the distributorship of Dyadic electric cylinder.
Expanded the business in Zhumiao area and established Hsinchu sales office.
Awarded by the National Tax Bureau as a good opening unified invoices issuer.

2004 The company's shares are listed on the stock exchange.
Investment in Hong Kong Ace Pillar Enterprise Co.,Ltd. with 99% shareholding.
Passed the examination of the service energy registration of the automation technology service organization of the Industrial Development Bureau, Ministry of Economic Affairs.
Relocated the warehouse to the Wugu Industrial Area.

2005 Investment in ACE PILLAR(S) PTE. LTD., with 60% shareholding.
Acquired the distributorship of CKD air compressor in Japan.

2006 Investment in Grace Transmission (Tianjin) Co., Ltd. with 100% shareholding.
Acquired the distributorship of Sony Optical Scale in Japan.

2007 Received the 5th Golden Root Award from Taiwan Association for the Promotion of Industrial Technology.
Awarded the 3rd Manpower Innovation Award by the Council of Labor Affairs, Executive Yuan.
Expanded business in North Taiwan and established Taoyuan sales office.

2008 Passed the service examination of automation technology service organization by the Bureau of Industry, Ministry of Economic Affairs.

Company stock went public.

Awarded the County and City-Level Friendly Excellent Business Unit by the Council of Labor Affairs, Executive Yuan.

2009 Investment in AdvancedTek Ace(Tj) Inc. with 50% shareholding.

Reinvestment in Hong Kong Ace Pillar Enterprise Co.,Ltd. and acquired 1% of the shares, resulting in a 100% ownership.

2010 Reinvestment in ACE PILLAR(S) PTE. LTD. and acquired 40% of the shares, resulting in a 100% ownership

Received ISO-9001: 2008 International Quality Certification.

Sold 1% equity interest in AdvancedTek Ace(Tj) Inc., reducing the shareholding ratio to 49%.

2011 Investment in Suzhou Super Pillar Automation Equipment Co., Ltd. with 100% shareholding.

Issued the first domestic unsecured convertible bonds for NT$400 million.

Reinvestment in Tianjin Ace Pillar Co., Ltd. and acquired 29.23% of the shares, resulting in a 100% ownership.

Awarded the Best Promotion Award for Digital Learning by the Small and Medium Enterprises Division of the Ministry of Economic Affairs.

2012 Purchased the factory office in Koufu Road, Sanchong.

2013 Awarded "Best Supplier" by Gallant Precision Machining Co., Ltd.

Acquired the distributorship of linear products of Precision Motion Industries, Inc.

Acquired distributorship of bearings from Tung Pei Industrial Co., Ltd.

2014 Moved our Taipei office to 4F, No. 4, Lane 83, Sec. 1, Guangfu Road.

Acquired the distributorship of motion control cards from Centaur Industrial Control Co., Ltd.

Reinvestment in AdvancedTek Ace(Tj) Inc., acquiring 51% equity interest to reach 100% shareholding.

Moved the company to 2F, No. 7, Lane 83, Sec. 1, Guangfu Road.

Awarded CITD grant from the Industrial Development Bureau for the "Assistance in Technology Development Program for Traditional Industries".

2015 Expanded business in Kaohsiung area and established Kaohsiung sales office.

Passed the examination of the service energy registration of the automation technology service organization of the Industrial Development Bureau, Ministry of Economic Affairs.

2016 Obtained Delta Maintenance Center certification.

2017 Sold 100% of the shares of ACE PILLAR(S) PTE. LTD.,

Canceled 100% equity interest in Tianjin Zhongma Robotics Co., Ltd.

Sold 16.67% equity interest in Miki Pulley Co., Ltd.

Sold 100% shareholding in Xuchang Ace AI Equipment Co., Ltd.

2019 Cash capital increase for private placement of common stock and introduction of strategic investor "DFI Inc. and joined Qisda's joint fleet.

2020 Acquired the distributorship of the whole series of robot arm products from Epson Technology Co.

Acquired the distributorship of Techman Robot Inc.

Increase capital of subsidiary Tianjin Ace Pillar Co., Ltd.

2021 Purchased a commercial office on Zhongyuan Road, Xinzhuang.

DFI Inc. publicly acquired 12.87% of the Company's shares, resulting in a cumulative shareholding of 48.07%.

2022 Relocated to 12F, No. 558, Zhongyuan Road, Xinzhuang District, New Taipei City.

Investment in Standard Technology Corp. with a 60% shareholding.

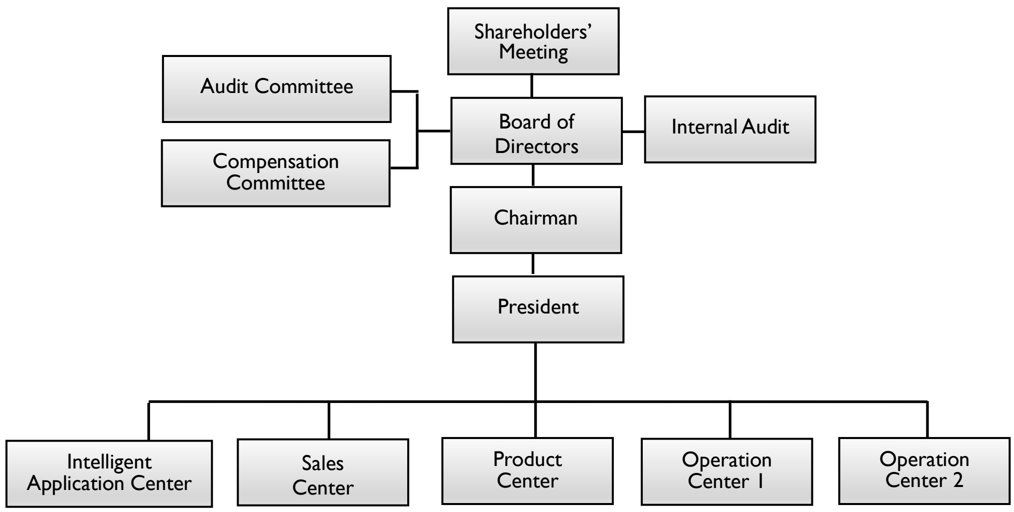
Investment in BlueWalker GmbH and ACE Energy with 100% shareholding.

Participated in the capital increase of ACE Energy and reduced the shareholding to 99.86%.

III. Corporate Governance

(I) Organization

1. Organizational Structure



2. Business Scope for Main Department

Department	Majority Focus
Internal Audit	1. Establishment and implementation of audit system 2. Formulation and reporting of annual audit plan 3. Provide advice on system improvement
Sales Center	1. Sales of products 2. Customer service and management
Intelligent Application Center	1. To provide robot arm-centered and peripheral software and hardware total solutions to help realize intelligent factory planning and services.
Product Center	1. Introduction of new products, product training for customers 2. Product and system integration, technical support and application development, product testing and analysis, maintenance, etc.
Operation Center 1	1. Raw material procurement and warehousing management 2. Overall computerized operation planning and execution, internal and external network connection mechanism establishment 3. Planning and execution of data processing in departments, management and maintenance of information systems, training and seminars on computer expertise, etc.
Operation Center 2	1. Capital planning, capital allocation and control, investment and stock operations 2. Accounting, tax operations and management, cost analysis and management 3. Talent recruitment, training and development, performance evaluation, salary and benefits 4. Management of equipment and assets, general administration, general affairs, and risk management

(II) Documents of directors, Supervisors, president, vice presidents, associate vice presidents, and managers of each departments and divisions

1. Director Information

March 28, 2023; Unit of shares: unit

Title	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Ace Pillar and Other Companies	Note:1
							Shares	%	Shares	%	Shares	%	Shares	%			
Chairman	Republic of China	DFI Inc.	-	2022.06.14	3year	2019.11.13	53,958,069	48.07%	53,958,069	48.07%	0	0.00%	0	0.00%	Ph.D., Department of Electrical Engineering, NTU President, Partner Tech Corp. COO, DFI Inc.	The president of Smart Solution Business Group of Qisda Corporation Chairman: Metaage Corporation AEWIN Technologies Co.,Ltd. La Fresh Information Co., Ltd. BenQ Guru Software Co., Ltd. Deputy Chairman: DFI Inc. Partner Tech Corp. Board Director: APLEX Technology Inc. Expert Alliance Smart Technology Co., Ltd. Expert Alliance Systems &Consultancy(HK) Co., Ltd. BenQ Guru Holding Limited Brainstorm Corporation Partner Tech Europe GmbH BenQ Foundation	None
	Republic of China	Representative Chang-Hung Lee	Male 46-50	2022.06.14	3year	2019.11.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%			
Director	Republic of China	DFI Inc.	-	2022.06.14	3year	2019.11.13	53,958,069	48.07%	53,958,069	48.07%	0	0.00%	0	0.00%	Bachelor of Department of Mechanical Engineering, NTU Chairman, AcePillar Co., Ltd. Manager, Four Pillars Enterprise Co., Ltd.	Honorary Chairman, AcePillar Co., Ltd. Board Director: Hong Kong Ace Pillar Enterprise Co.,Ltd. AdvancedTek Ace(Tj) Inc. Suzhou Super Pillar Automation Equipment Co., Ltd. Symbio, Inc. Director&President: Pro Accutech Co., Ltd.	
	Republic of China	Representative Chih-Chen Lin	Male 71-75	2022.06.14	3year	1984.03.20	568,122	0.51%	497,155	0.44%	382,759	0.34%	0	0.00%			
Director	Republic of China	DFI Inc.	-	2022.06.14	3year	2019.11.13	53,958,069	48.07%	53,958,069	48.07%	0	0.00%	0	0.00%	Master of Science in Mechanical Engineering from USC Business Head of Intelligent Connectivity Solutions Division at LITE-ON Technology Corporation Marketing Director for BenQ Medical Ultrasound R&D/Marketing/Director of Projector/Vehicle Electronics/Video Surveillance at Qisda Corporation Section Manager of Taiwan Telecommunication Industry Co. Ltd.	President, AcePillar Co., Ltd. Chairman: ACE Energy Co., Ltd. Suzhou Super Pillar Automation Equipment Co., Ltd. Vice Chairman,Standard Technology Corp. Board Director: Cyber South Management Ltd. Proton Inc. Ace Tek(HK) Holding Co.,Ltd.	
	Republic of China	Representative Chang-Chien Li	Male 51-55	2022.06.14	3year	2019.11.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%			

Title	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Ace Pillar and Other Companies	Note:1
							Shares	%	Shares	%	Shares	%	Shares	%			
Director	Republic of China	DFI Inc.	-	2022.06.14	3year	2019.11.13	53,958,069	48.07%	53,958,069	48.07%	0	0.00%	0	0.00%	Master of Department of Electrical Engineering, NTU Bachelor of Electrical Engineering, NTU COO, AEWIN Technologies Co.,Ltd.	COO, DFI Inc. Board Director: DFI Inc. AEWIN Technologies Co.,Ltd. Diamond Flower Information (NL) B.V. DFI Co.,Ltd. DFI AMERICA ,LLC. Yan Tong Technology Ltd.	None
	Republic of China	Representative Chia-Hung Su	Male 51-55	2022.06.14	3year	2021.11.05	0	0.00%	0	0.00%	0	0.00%	0	0.00%			
Director	Republic of China	DFI Inc.	-	2022.06.14	3year	2019.11.13	53,958,069	48.07%	53,958,069	48.07%	0	0.00%	0	0.00%	Master of Department of Graduate Institute of Finance, NTUST Lite-On Technology Corp.	Senior Director, DFI Inc. Boad Director: AEWIN Technologies Co.,Ltd. Diamond Flower Information (NL) B.V. DFI Co.,Ltd. DFI AMERICA ,LLC. Yan Tong Technology Ltd Brainstorm Corporation Supervisor,Yan Ying Hao Trading (ShenYan) Co., Ltd	
	Republic of China	Representative Li-Min Huang	Female 51-55	2022.06.14	3year	2019.11.13	5,000	0.004%	5,000	0.004%	0	0.00%	0	0.00%			
Director	Republic of China	Han-Yu Investment Co., Ltd.	-	2022.06.14	3year	2002.06.28	10,176,013	9.07%	10,176,013	9.07%	0	0.00%	0	0.00%	Bachelor of Department of Business Administration,NCCU MBA, New Mexico State Universit EMBA, China Europe International Business School Chairman, Avatack Co., Ltd.	Chairman: Avatack Co., Ltd. Symbio, Inc. Board Director: Four Pillars Enterprise Co., Ltd.	
	Republic of China	Representative Hwei-Ling Yang	Female 65-70	2022.06.14	3year	2008.06.13	360,025	0.32%	360,025	0.32%	0	0.00%	0	0.00%			
Independent Director	Republic of China	Sheng-Fa Yeh	Male 65-70	2022.06.14	3year	2019.11.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Business School,City University of Seattle Chairman, Gallant Precision Machining Co., Ltd. Chairman, Gallant Micro. Machining Co., Ltd. Chairman, Walton Advanced Engineering, Inc. Independent Director, Zhong Yany Technology Co., Ltd. President, King Ultrasonic Co., Ltd.	Audit Committee and Compensation Committee Member,Ace Pillar Co., Ltd. Chairman: Sunengine Corporation Ltd. Natsume Smartech Co., Ltd. Boad Director: 3S Silicon Tech.,Inc. King Ultrasonic Co., Ltd. Solomon Goldentek Display Corp. SkyLine Technology Co., Ltd. Favite Inc.	
Independent Director	Republic of China	Liang-Yoo Lee	Male 71-75	2017.06.16	3year	2019.11.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Institute of Computer Science and Control Engineering · National Chiao Tung University. President · Philips communication and Processing Taiwan Ltd. Ceo, Origin Greater China Coo, Leo Systems, Inc. Ceo,V2PLUS Asia Pacific President, Chung Hua Enterprise Management Development Center Ltd. Coo, E-Business Segment, Lite-On group CIO,Four Pillars Enterprise Co., Ltd.	Audit Committee and Compensation Committee Board Director, Ace Pillar Co., Ltd. Board Director, Pershing Technology Services Corp. Senior Advisor, AIRA Corporation Senior Advisor, Unimicron Technology Corp., Senior Advisor, Qun Hong Technology Inc. Senior Advisor, Subtron Technology Co., Ltd. Inc.	

Title	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Ace Pillar and Other Companies	Note:1
							Shares	%	Shares	%	Shares	%	Shares	%			
Independent Director	Republic of China	Chi-Hang Yang	Male 71-75	2022.06.14	3year	2019.11.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D.,Department of Electronics and Computer Science, University of Southampton. Chairman, Department of Computer Science and Information Engineering ,TKU President, Memobyte Computer Co., Ltd. President, Chung Chou University of Science and Technology. Executive Assistant to the chairman, Fusheng Industrial Co., Ltd. Vice president, Top Machine Co., Ltd. Chief Advisor, Environment Protection Administration Senior Advisor, Ministry of Transportation and Communications Dean of academic affairs, National Kaohsiung First University of Science and Technology Vice president, National Kaohsiung First University of Science and Technology. Director General,Department of International Cooperation, National Science and Technology Council Director, Science and Technology Division, National Science and Technology Council in San Francisco. Confidential Secretary to the Minister, National Science and Technology Council. Board Director,Taiwan Cultural & Creativity Development Foundation	Audit Committee and Compensation Committee Member,Ace Pillar Co., Ltd. Chairman, SVT Investment Co. , Ltd Independent Board, Director, Medeon Biodesing, Inc.	

Note 1: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for,reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed.

Note 2: Any Executive, Director, or supervisor who is a spouse or relative within the second degree of kinship: None.

Substantial shareholders of the corporate shareholder

Name of corporate shareholders (Note 1)	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
DFI Inc. (Note 2)	Qisda Corporation	45.08%
	BVI Gordias Investment Limited	13.74%
	Darly2 Venture, Inc.	8.01%
	BVI Hyllus Investments Limited	7.48%
	YouShang Investment Co., Ltd.	2.39%
	Darly Venture Inc.	2.00%
	Mu-jhen Huang	0.90%
	Mu-chen Huang	0.90%
	Zhenchen Investment Co., Ltd.	0.88%
	Yen-hsing Lu	0.75%
Han-Yu Investment Co., Ltd. (Note 3)	Wexford Ltd. (Samoa)	100%

Note 1: For directors acting as the representatives of institutional shareholders
Note 2: Source of information for DFI Inc. is recorded as of the book closure date of DFI Inc. on Apr. 2, 2023.
Note 3: Source of information for Department of Commerce, MOEA

Substantial shareholders of corporate shareholders who are the substantial shareholders of the Company′s corporate shareholders.

Name of institutional shareholders	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
Qisda Corporation (Note 1)	AU Optronics Corp.	17.04%
	Acer Inc.	4.55%
	Taishin International Bank in custody for employee stock ownership trust of Qisda Corp.	3.38%
	Konly Venture Corp.	2.55%
	Darfon Electronics Corp.	2.03%
	Citibank (Taiwan) Limited in custody for Norges Bank	1.23%
	E. Sun Bank	1.02%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	0.98%
	Labor Pension Fund (The New Fund)	0.97%
	Citibank (Taiwan) Limited in custody for Polunin Developing Countries Fund, LLC	0.97%
BVI Gordias Investment Limited	Horizontal Global Investments Limited	84.84%
Darly2 Venture, Inc. (Note 2)	BenQ Corporation	100.00%
BVI Hyllus Investments Limited	Tiger Focus Holdings Limited (BVI)	84.84%
YouShang Investment Co., Ltd. (Note 2)	Ying-Kui Lu	73.15%
	Yan-Xing Lu	2.46%
	Liu,Rui-Hua	6.15%
Darly Venture Inc. (Note 2)	Qisda Corporation	100.00%
Zhenchen Investment Co., Ltd. (Note 2)	Jie-Ru Lu	15.33%
	Yan-Qi Lu	41.89%
	Li-Yu Guo	29.04%
Wexford Ltd.	KWONG CHING CHUNG	100.00%

Note 1: Source of information for Qisda is recorded as of the book closure date of Qisda on Mar. 31, 2023.
Note 2: Source of information for Department of Commerce, MOEA

Professional qualifications and independence analysis of directors

Condition / Name	Key board qualifications, expertise and attributes	Meet conditions of independence (Note 1)	Number of other public companies where the Director concurrently serves as an Independent Director
Chairman Representative of DFI Inc. : Chang-Hung Lee	1. Ph.D., Department of Electrical Engineering, NTU 2. Former Position: President, Partner Tech Corp. , COO, DFI Inc. , Current Position: The president of Smart Solution Business Group of Qisda Corporation, Chairman: Metaage Corporation,AEWIN Technologies Co.,Ltd., Deputy Chairman:DFI Inc. 3. Possess leadership and decision-making abilities, international perspective, and rich industry experience in business management and crisis handling. No circumstances fall under Article 30 of the Company Act.	Not applicable.	0
Director Representative of DFI Inc. : Chih-Chen Lin	1. Bachelor of Department of Mechanical Engineering, NTU 2. Former Position: Chairman, AcePillar Co., Ltd. , Current Position: Honorary Chairman, AcePillar Co., Ltd., Chairman, Pro Accutech Co., Ltd. 3. Possess leadership ability, skilled in business management, and have over 30 years of experience in the professional field of automation technology. No circumstances fall under Article 30 of the Company Act.	Not applicable.	0
Director Representative of DFI Inc. : Chang-Chien Li	1. Master of Science in Mechanical Engineering from USC 2. Former Position:R&D/Marketing/Director of Projector/Vehicle Electronics/Video Surveillance at Qisda Technology, Current Position: President, Ace Pillar Co., Ltd., Chairman, ACE Energy, Vice Chairman, Standard Technology Corporation. 3. Possess decision-making ability, international outlook, good management and crisis management experience, and is not subject to Article 30 of the Companies Act.	Not applicable.	0

Name / Condition	Key board qualifications, expertise and attributes	Meet conditions of independence (Note 1)	Number of other public companies where the Director concurrently serves as an Independent Director
Director Representative of DFI Inc. : Chia-Hung Su	1. Master of Department of Electrical Engineering,NTU 2. Former Position: COO, AEWIN Technologies Co.,Ltd., Current Position: COO, DFI Inc. 3. Possess leadership and decision-making abilities, skilled in business management, and have rich industry experience. No circumstances fall under Article 30 of the Company Act.	Not applicable.	0
Director Representative of DFI Inc. : Li-Min Huang	1. Master of Graduate Institute of Finance, NTUST 2. Current Position: Vic Present and CFO, DFI Inc. 3. Skilled in business management, with expertise in financial management and accounting. No circumstances fall under Article 30 of the Company Act.	Not applicable.	0
Director Representative of Han-Yu Investment Co., Ltd. : Hwei-Ling Yang	1. MBA, New Mexico State Universit EMBA, China Europe International Business School 2. Chairman, Avatack Co., Ltd. 3. Current Position: Chairman, Avatack Co., Ltd. and Symbio, Inc. 4. Possess leadership ability, international perspective, and diverse industry experience with a focus on public welfare. No circumstances fall under Article 30 of the Company Act.	Not applicable.	0
Independent Director Sheng-Fa Yeh	1. Master of Business School, City University of Seattle 2. Former Position: Gallant Precision Machining Co., Ltd. , Current Position: Chairman, Sunengine Corporation Ltd. and Natsume Smartech Co., Ltd. 3. Possess leadership ability and expertise in business and finance, skilled in business management. No circumstances fall under Article 30 of the Company Act.	Compliant	0

Name \ Condition	Key board qualifications, expertise and attributes	Meet conditions of independence (Note 1)	Number of other public companies where the Director concurrently serves as an Independent Director
Independent Director Liang-Yoo Lee	1. Bachelor of Institute of Computer Science and Control Engineering · National Chiao Tung University. 2. Former Position:Ceo,V2PLUS Asia Pacific, Current Position: Board Director, Pershing Technology Services Corp. 3. Skilled in information management, innovative research and development, and strategic planning, with over 30 years of experience in the information technology industry. No circumstances fall under Article 30 of the Company Act.	Compliant	0
Independent Director Chi-Hang Yang	1. Ph.D.,Department of Electronics and Computer Science, University of Southampton. 2. Former Position: Director General,Department of International Cooperation, National Science and Technology Council, Current Position: Chairman, SVT Investment Co. , Ltd 3. Skilled in industrial innovation, possess international perspective, and managerial abilities with rich experience in the industry, government, and academia. No circumstances fall under Article 30 of the Company Act.	Compliant	1

Note 1: Independence: including but not limited to whether the person, spouse, relatives within the second degree of kin act as directors, supervisors or employees of the company or its related enterprises;) The number and proportion of shares held in the company; whether he is a director, supervisor or subject of a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with). Employed persons; the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

The Borad of Director Diversity and Independence.

A. The Borad of Director Diversity:

a. Chapter 3 of the Company's Code of Corporate Governance Practices stipulates that the diversity and independence of the members of the Board of Directors shall be ensured, and that appropriate guidelines shall be formulated with regard to the operation, mode of operation and development needs, including but not limited to the following two major criteria: I Basic requirements and values: Gender, age, etc. II Expertise and skills: Professional background, professional skills and experience, etc. The implementation of the diversity policy for the Board of Directors is listed below:

b. The status of implementing diversification of ACE PILLAR' S Board Members in 2022 is as follows:

Title / Name/ Gender	Diverse Industry and Professional Skills						Term of Office of Independent Directors
	Management administration	Lead & Decision	Sustainable Development	Information Technology	Finance	International market	
Chairman Chang-Hung Lee Male	V	V	V	V		V	
Director Chih-Chen Lin Male	V	V	V			V	
Director Chang-Chien Li Male	V	V	V	V		V	
Director Chia-Hung Su Male	V	V	V	V		V	
Director Li-Ming Huan Female	V	V	V		V	V	
Director Hwei-Ling Yang Female	V	V	V		V	V	
Independent Director Sheng-Fa Yeh Male	V	V	V		V	V	3~6 year
Independent Director Liang-Yoo Lee Male	V	V	V	V		V	7~9 year
Independent Director Chi-Hang Yang Male	V	V	V	V		V	3~6 year

c. Specific Management Objectives

Management Objectives	Achievement
No more than one-third of the Directors shall be managers.	Achieved
The Board of Directors shall include at least one female director.	Achieved

B. The Borad of Director Independence:

The Company has nine directors, including three independent ones (33.33% of the total). As of the end of 2022, none has any of the circumstances listed in Article 30 of the Company Act, and all of the independent directors are in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors, and there is no relationship between the directors such as spouse or consanguineous relationship, etc. Therefore, there are no circumstances specified in Item 3 and 4, Article 26-3 of the Securities and Exchange Act. In summary, the Board of Directors is independent.

2. Documents of president, vice president, associate vice president and managers of each department and division

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Qisda and Other Companies	Remark (Note1)
					Shares	%	Shares	%	Shares	%			
President	Republic of China	Chang-Chien Li	Male	2021.04.01	0	0.00%	0	0.00%	0	0.00%	Master of Science in Mechanical Engineering from USC Business Head of Intelligent Connectivity Solutions Division at LITE-ON Technology Corporation Marketing Director for BenQ Medical Ultrasound R&D/Marketing/Director of Projector/Vehicle Electronics/Video Surveillance at Qisda Corporation Section Manager of Taiwan Telecommunication Industry Co. Ltd.	Chairman: ACE Energy Co., Ltd. Suzhou Super Pillar Automation Equipment Co., Ltd. Vice Chairman,Standard Technology Corp. Cyber South Management Ltd. Proton Inc. Ace Tek(HK) Holding Co.,Ltd.	None
Senior Vice President	Republic of China	Shih-Tth Lin	Male	2011.03.25	203,342	0.18%	15,000	0.01%	0	0.00%	Bachelor of Department of Mechanical Engineering, NTU EMBA International Business, NTU Manager, Rosen Co. Ltd. Assistant engineer, Four Pillars Enterprise Co., Ltd.	Director Tianjin Ace Pillar Co., Ltd. Grace Transmission (Tianjin) Co., Ltd. AdvancedTek Ace(Tj) Inc.	
Vice President	Republic of China	Liang-Kuo Wang	Male	2021.11.05	0	0.00%	0	0.00%	0	0.00%	Bachelor of Department of Communtications, SHU President of Automation & Robotics BU,at Epson Taiwan	Director, Standard Technology Corp.	
Senior Director	Republic of China	Kuo-Mei Chen	Female	2020.03.16	0	0.00%	0	0.00%	0	0.00%	Master of Department of Accounting, TKU Vice President, Partner Tech Corp. Audit supervisor, Partner Tech Corp. Section Manager, Lian-Jhan Technology Co. Ltd.	Director: Cyber South Management Ltd. Proton Inc. Ace Tek(HK) Holding Co., Ltd. Supervisor Tianjin Ace Pillar Co., Ltd. AdvancedTek Ace(Tj) Inc. Suzhou Super Pillar Automation Equipment Co., Ltd. Standard Technology Corp. ACE Energy Co., Ltd.	
The Company's shares held by managers in the name of other persons: None. Any spouse or relative within the second degree of kinship of any manager who serves as the Company's executive: None.													

Note 1: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed.

Note 2 Managers who are spouse or relatives within the second degree of kinship :None

Note 3: Source of information for Number of shares held is recorded as of the book closure date on March 28. 2023

(III) Compensation of Directors, Supervisors, President, and Vice President

1. Compensation to Directors

December 31, 2022 Unit: NT$ 1,000

Title	Name	Director's compensation								Ratio of sum of items A, B, C and D to profit (%) (Note 4)		Remuneration received by directors who is an employee of the Company								Ratio of sum of items A, B, C, D, E, F and G to profit (%) (Note 7)		Compensation from investees other than Ace Pillar's subsidiaries or Parent Company (Note 8)
		Compensation (A) (Note 1)		Pension upon Retirement (B)		Director's Remuneration (C) (Note 2)		Business execution Expenses (D) (Note 3)				Salary, bonuses, and special expenses (E) (Note 5)		Pension upon retirement (F)		Employee's remuneration (G) (Note 6)						
		The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company		All Companies in the Consolidated Financial Statements (Note 7))		The company	All Companies in the Consolidated Financial Statements (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Representative of DFI Inc.: Chang-Hung Lee	3,200	3,200	0	0	671	671	210	210	5.17%	5.17%	7,536	7,536	216	216	182	0	182	0	15.22%	15.22%	39,649
Director	Representative of DFI Inc.: Chih-Chen Lin																					
Director	Representative of DFI Inc.: Chang-Chien Li																					
Director	Representative of DFI Inc.: Chia-Hung Su																					
Director	Representative of DFI Inc.: Li-Min Huang																					
Director	Representative of Han-Yu Investment Co., Ltd.: Hwei-Ling Yang																					
Independent Director	Sheng-FaYeh	1,600	1,600	0	0	251	251	105	105	2.48%	2.48%	0	0	0	0	0	0	0	0	2.48%	2.48%	0
Independent Director	Liang-Yoo Lee																					
Independent Director	Chi-Hang Yang																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
   (1) According to the Articles of Incorporation ,the remuneration of the whole directors shall be established by the Board of Directors subject to authority, based on personal contribution and the level in the same industry.
   (2) If there is a profit in the annual accounts (defined as pre-tax income less the amount of employee compensation and director's remuneration), shall be allocated no more than 1% to director's remuneration.
2. In addition to the information disclosed in the table above, has any Director of the Company provided services to any of the companies included in the Financial Statements and received compensation for such services (e.g provided consultation services in a non-employee capacity): None.

Table of compensation ranges

Compensation range for each Director	Names of Director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	Ace Pillar Co. Ltd. and its subsidiaries(Note 7)	The Company	Parent Company Ace Pillar Co. Ltd.and its subsidiaries and investees (Note 9)
Less than NT 1,000,000	Representative of DFI Inc.: Chih-Chen Lin, Chang-Chien Li, Chia-Hung Su, Li-Min Huang Han-Yu Investment Co., Ltd., Hwei-Ling Yang Independent Director Liang-Yoo Lee, Sheng-FaYeh, Chi-Hang Yang	Representative of DFI Inc.: Chih-Chen Lin, Chang-Chien Li, Chia-Hung Su, Li-Min Huang Han-Yu Investment Co., Ltd., Hwei-Ling Yang Independent Director Liang-Yoo Lee, Sheng-FaYeh, Chi-Hang Yang	Representative of DFI Inc.: Chia-Hung Su, Li-Min Huang Han-Yu Investment Co., Ltd., Hwei-Ling Yang Independent Director Liang-Yoo Lee, Sheng-FaYeh, Chi-Hang Yang	Han-Yu Investment Co., Ltd.Hwei-Ling Yang Independent DirectorLiang-Yoo Lee, Sheng-FaYeh, Chi-Hang Yang
Less than NT 1,000,000	Representative of DFI Inc.: Chang-Hung Lee	Representative of DFI Inc.: Chang-Hung Lee	Representative of DFI Inc.: Chang-Hung Lee	-
NT$1,000,000 (included)~2,000,000 (excluded)	-	-	-	-
NT$2,000,000 (included)~3,500,000 (excluded)	-	-	-	-
NT$3,500,000 (included)~5,000,000 (excluded)	-	-	Representative of DFI Inc.: Chih-Chen Lin	Representative of DFI Inc.: Chih-Chen Lin
NT$5,000,000 (included)~10,000,000 (excluded)	-	-	Representative of DFI Inc.: Chang-Chien Li	Representative of DFI Inc.: Chang-Chien Li,Chia-Hung Su,Li-Min Huang
NT$10,000,000 (included)~15,000,000 (excluded)	-	-	-	-
NT$15,000,000 (included)~30,000,000 (excluded)	-	-	-	Representative of DFI Inc.: Chang-Hung Lee
NT$30,000,000(included)~50,000,000 (excluded)	-	-	-	-
NT$50,000,000 (included)~100,000,000 (excluded)	-	-	-	-
More than NT$100,000,000				
Total	9 Persons	9 Persons	9 Persons	9 Persons

Note 1: Refers to compensation for Directors in 2022 (including salaries, job allowance, severance pay, bonuses, and performance fees).

Note 2: Refers to Directors' remunerations in 2022.

Note 3: Refers to Directors' business execution expenses in 2022 (including provisions of compensation, transport fees, special expenses, various subsidies, accommodations, or company vehicles and other physical items)

Note 4: Profit refers to the profit for the year in the 2022 parent company only financial statements of Ace Pillar Co., Ltd.

Note 5:This includes any remuneration received by a director for concurrent service as an employee in the 2022 (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. Salary expenses recognized as share-based payment under IFRS 2 including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc. should be included in the calculation of remuneration.

Note 6: Refers to employee's remuneration (including stock and cash) paid to Directors who also served as President, Vice President, other managers, or employees in 2022 according to the company's board of directors' meeting has approved the distributions of employees' compensation amount on March 1, 2023.

Note 7: All consolidated entities in the consolidated financial statements (including the company)

Note 8: Refers to compensation, remunerations (including remunerations for employees, Directors, and supervisors), business execution expenses, and other related payments received by Directors who served as Director, supervisor, or manager in investees other than ACE PILLAR CO., LTD.'s subsidiaries in 2022.

Note9: State the amount of the relevant remuneration received by the Company's directors from the investees or parent company other than the subsidiaries

2. Remuneration of Supervisors:

Since November 13, 2019, the Audit Committee has been responsible for the implementation of the Supervisors authority as required by the relevant laws and regulations.

3. Compensation for President and Vice Presidents

December 31, 2022 Unit: NT$ 1,000

Title	Name	Salary(A) (Note 1)		Pension upon retirement (B)		Bonuses and special expenses etc (C)(Note 2)		Employee's remuneration (D) (Note 3)				Ratio of sum of items A, B, C and D to profit (%) (Note 4)		Compensation from investees other than Ace Pillar's subsidiaries or Parent Company (Note 6))
		The company	All Companies in the Consolidated Financial Statements (Note 5)	The company	All Companies in the Consolidated Financial Statements (Note 5)	The company	All Companies in the Consolidated Financial Statements (Note 5)	The company		All Companies in the Consolidated Financial Statements (Note 5)		The company	All Companies in the Consolidated Financial Statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Chang-Chien Li	6,629	6,629	202	202	5,885	5,885	323	0	323	0	16.51%	16.51%	2,779
Senior Vice President	Shih-Tth Lin													
Vice President	Liang-Kuo Wang													
Vice President (Note)	Qiao-Zhi Tang													

Not: Resignation on October 31, 2022

Table of compensation ranges

Compensation range for each President and Vice President	Name of President and Vice President	
	The Company	Parent Company Ace Pillar Co. Ltd.and its subsidiaries and investees (Note 7)
Less than NT 1,000,000	-	-
NT$1,000,000 (included)~2,000,000 (excluded)	Qiao-Zhi Tang	Qiao-Zhi Tang
NT$2,000,000 (included)~3,500,000 (excluded)	Shih-Tth Lin、Liang-Kuo Wang	Shih-Tth Lin、Liang-Kuo Wang
NT$3,500,000 (included)~5,000,000 (excluded)	-	-
NT$5,000,000 (included)~10,000,000 (excluded)	Chang-Chien Li	Chang-Chien Li
NT$10,000,000 (included)~15,000,000 (excluded)	-	-
NT$15,000,000 (included)~30,000,000 (excluded)	-	-
NT$30,000,000(included)~50,000,000 (excluded)	-	-
NT$50,000,000 (included)~100,000,000 (excluded)	-	-
More than NT$100,000,000	4 Persons	4 Persons

Note1: Refers to compensation for president and vice president in 2022, including salaries, job allowance and severance pay.

Note2:This includes any remuneration received by president and vice president in the 2022 (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. Salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note3: Refers to remunerations for employee in 2022, according to the company′s board of directors′ meeting has approved the distributions of employees′ compensation amount on March 1, 2023.

Note4: Profit refers to the profit for the year in the 2022 parent company only financial statements of Ace Pillar Co., Ltd.

Note5: All consolidated entities in the consolidated financial statements (including the company)

Note6:Refers to compensation including compensation, remuneration including remunerations for employees, Directors, and supervisors, business execution expenses, and other related payments received by president and vice president who served as Director, supervisor, or manager in investees other than Qisda Corp.′s subsidiaries in 2022.

Note7:State the amount of remuneration received by the President and Vice President of the Company from investee enterprises other than subsidiaries or from the parent company

4. Names of managers provided with employee's remunerations and state of payments

Unit: NT$ 1,000

Title		Name (Note1)	Stock (Note 2)	Cash (Note2)	Total	Ratio of total amount to the net income after taxes (%)(Note 3)
President		Chang-Chien Li	0	420	420	0.53%
Senior Vice President		Shih-Tth Lin				
Vice President		Liang-Kuo Wang				
Senior Director		Kuo-Mei Chen				

Note1: Current Company managers as of the end of 2022. Information on titles of managers are accurate as of the publication date of the Annual Report

Note2: Refers to remunerations for employees in 2022.

Note3: Net income after taxes refers to the net income after taxes on the 2022 parent company only financial statements.

5. Compare and analyze the total compensation as a percentage of net income after taxes stated in the parent company only or individual financial statements, paid by the Company and by all companies listed in the consolidated financial statement in the most recent two years to the Company's Directors, supervisors, president and vice president. Describe the policies, standards, and packages for payment of compensation, the procedures for determining compensation, and its linkage to business performance and future risk exposure

(1) The total compensation as a percentage of net income after taxes stated in the parent company only financial statement, paid by the Company and by all companies listed in the consolidated financial statement in the most recent two years to the Company's Directors, supervisors, President and Vice President are as the following:

Unit: NT$ 1,000

Item	2022	2021
Net income after taxes on the Company's Parent Company Only Financial Statements	78,953	147,895
Ratio of compensation for Directors paid by the Company	7.65%	4.75%
Ratio of compensation for Directors paid by all companies listed in the Consolidated Financial Statements	7.65%	4.75%
Ratio of compensation for Managers such as Vice President or above paid by the Company	16.51%	10.70%
Ratio of compensation for Managers such as Vice President or above paid by all companies listed in the Consolidated Financial Statements	16.51%	10.70%

(2) Compensation policies, standards and combinations, procedures for determining compensation, and their relevance to business performance and future risks.

A.The remuneration of the directors of the Company shall be determined by the Board of Directors in accordance with the authorization of the Company's Articles of Association, based on the level of participation in operations, contribution to the Company, practical implementation of core values, strategic goals, and tasks of the Company, as well as taking into account the standards of remuneration for directors and functional committee members in the domestic and foreign industries, as stipulated in the "Regulations on Remuneration for Directors and Functional Committee Members".If the Company has profits, it shall allocate no more than 1% as remuneration for directors in accordance with Article 22 of the Company's Articles of Association. The term "profit" refers to the income before tax deducted by the expenses of distributing employee and director compensation. The Chairman of the Board shall bear the indicators of the operation of the Board of Directors and corporate governance, the interests of shareholders, the achievement rate of the company's long-term strategic objectives, management performance, and risk management in the future. Independent directors may receive different salaries and compensation from regular directors. If an independent director serves as the chairman of a functional committee, their remuneration may be higher than that of other independent directors.

B. The salaries of our company's managers are determined based on their job responsibilities, rank, and professional abilities, taking into account the market standards of the same industry. The granting of bonuses is highly linked to the company's operating results and performance. The performance evaluation of our managers includes financial indicators such as operating income, operating net profit, or after-tax net profit, as well as non-financial indicators such as the promotion of high-value-added product plans, new product development, the exploration of new markets, the development of potential new customers, and the annual operating strategy key project objectives as the main evaluation items. In addition, we also consider the company's overall operating performance, future business risks and trends, the achievement rate of individual performance targets, and the degree of contribution to the company's performance to provide reasonable compensation, and proposals will be submitted by the Compensation Committee for approval by the board of directors.

(IV) Implementation of Corporate Governance

1. Operations of the Board of Directors

The Company had convened 7 Board of Directors meetings in 2022 with the following attendance:

Title	Name	Number of actual attendance (B)	Number of proxies attendance	Actual attendance rate (%) (B/A)	Remark
Chairman	Representative of DFI Inc. : Chang-Hung Lee	7	0	100%	2022.06.14 Win re-election
Director	Representative of DFI Inc. : Chih-Chen Lin	7	0	100%	
Director	Representative of DFI Inc. : Chang-Chien Li	7	0	100%	
Director	Representative of DFI Inc. :Chia-Hung Su	7	0	100%	
Director	Representative of DFI Inc. :Li-Min Huang	7	0	100%	
Director	Han-Yu Investment Co., Ltd.: Hwei-Ling Yang	7	0	100%	
Independent Director	Sheng-Fa Yeh	7	0	100%	
Independent Director	Liang-Yoo Lee	7	0	100%	
Independent Director	Chi-Hang Yang	7	0	100%	

Other items that shall be recorded:

A. When one of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, content of proposals, opinions of all Independent Directors and the Company's actions in response to the opinions of the Independent Directors:

a. Matters included in Article 14-3 of the Securities and Exchange Act: regulations from Article 14-3 are not applicable since the Company has already established an Audit Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Operations of the Audit Committee.(P.23-P.25)

b. In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated in writing: None.

B. When Directors abstain themselves for being a stakeholder in certain proposals, the name of the Directors, the content of the proposal, reasons for abstentions and the participation in voting should be stated:

Date of Board Meeting	Name of Director	Content of the Proposal	Reasons for Abstentions	Participation in Voting
2022.03.02	Director,Chang-Hung Lee, Chih-Chen Lin, Chang-Chien Li, Chia-Hung Su, Li-Min Huang, Hwei-Ling Yang	To approve Nomination of Director and Independent Director Candidates To approve release of New Directors and Representatives	A director of the nominated candidate and released from the restriction on competition	Did not participate in discussion or voting

Date of Board Meeting	Name of Director	Content of the Proposal	Reasons for Abstentions	Participation in Voting
	Independent Director,Sheng-FaYeh, Liang-Yoo Lee, Chi-Hang Yang	from Restrictions on Competition		
	Director, Chih-Chen Lin、Chang-Chien Li	To approve Loaned US$1million to a subsidiary, Suzhou Super Pillar Automation Equipment Co., Ltd.	Serves as a director of Suzhou Super Pillar Automation Equipment Co., Ltd.	Did not participate in discussion or voting
2022.05.03	Director, Chang-Hung Lee, Chih-Chen Lin, Chang-Chien Li	To approve release of New Directors and Representatives from Restrictions on Competition	Director released from the restrictions on competition	Did not participate in discussion or voting
	Director,Chang-Hung Lee, Chih-Chen Lin, Chang-Chien Li, Chia-Hung Su, Li-Min Huang	Acquisition of 100% equity interest in BenQ ESCO Corp.	Related parties who are affiliates of the counterparty	Did not participate in discussion or voting
2022.06.14	Independent Director,Sheng-FaYeh, Liang-Yoo Lee, Chi-Hang Yang	Appointment of members of the Company's Fifth Salary and Compensation Committee	Appointed members	Did not participate in discussion or voting
2022.08.03	Director,Chih-Chen Lin, Chang-Chien Li	Proposed loan of RMB20 million to a 100%-owned subsidiary, Suzhou Super Pillar Automation Equipment Co., Ltd.	Serves as a director of Suzhou Super Pillar Automation Equipment Co., Ltd.	Did not participate in discussion or voting
	Director ,Chang-Hung Lee,Chih-Chen Lin, Chang-Chien Li, Chia-Hung Su. Li-Min Huang	Acquisition of assets for business real estate by the Company	Related parties who are affiliates of the counterparty	Did not participate in discussion or voting
2022.11.02	Director, Chang-Chien Li	To approve proposed capital increase of 100% of subsidiary ACE Energy Co., Ltd.	Serves as the chairman of the board of directors of ACE Energy	Did not participate in discussion or voting
	Director, Chang-Chien Li	To approve proposed sale of 100% equity interest in BlueWalker GmbH, a subsidiary	Serves as the chairman of the board of directors of ACE Energy	Did not participate in discussion or voting

C. Implementation Status of Board Evaluations

a.The Company has entrusted an independent evaluation institution, Taiwan Corporate Governance Association in 2022, to evaluate the performance of the board of directors of the Company. The evaluation was conducted with respect to eight main aspects: the composition, guidance, authorization, supervision, communication, self-discipline, internal control, and risk management of the board of directors. The evaluation method includes online self-evaluation, written review of relevant documents, and a field survey that was conducted in January, 2023. The subjects of the evaluation included the chairperson, two independent directors(Convener of Audit Committeea and Remuneration Committee),president, the corporate governance officer and the Internal auditing officer. And Board meeting to report the evaluation results in March, 2023.

b.The Company had completed the performance appraisal to the Board, the Board members and two Functional Committees by the end of 2022 and reported at the Board meeting in March of 2023, the grade is excellent indicating the efficient and good operation by the Board.

c.Implementation status:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Every three years	December 2021to December 2022	Effectiveness of the Board of Directors	The evaluation institution paper review and field survey	The eight main aspects: the composition, guidance, authorization,supervision, communication, self-discipline, internal control, and risk management of the board of directors.
Annually	January 2022 to December 2022	Board and Board members	Internal Self-Evaluation made by the Board and Board members	1.Alignment of the goals and missions of the company 2.Participation in the operation of the company 3.Management of internal relationship and communication 4.Improvement of the quality of the board of directors' decision making 5.Composition and structure of the board of directors 6.Awareness of the duties of a director 7.Election, professionalism and continuing education of the directors 8.Internal control
		Audit Committee	Internal Self-Evaluation made by Audit Committee	1.Participation in the operation of the company 2.Awareness of the duties of Audit Committee 3.Improvement of quality of decisions made by Audit Committee 4.Makeup of Audit Committee and election of its members 5.Internal control
		Remuneration Committee	Internal Self-Evaluation made by Remuneration Committee	1.Participation in the operation of the company 2.Awareness of the duties of Remuneration Committee 3.Improvement of quality of decisions made by Remuneration Committee 4.Makeup of Remuneration Committee and election of its members

D. Targets for strengthening the functions of the Board of Directors in the current and the most recent year (e.g., setting up an Audit Committee and enhancing information transparency) and evaluation of target implementation:

a.The Company had established the Remuneration Committee in 2011 to enhance corporate governance and improve the remuneration and compensation system for Directors and Managers of the company. In 2019, the Audit Committees was established to exercise the functions required by the Securities and Exchange Act, the Company Act and other legal regulations.

b. Based on Paragraph 8 of Article 26-3 of the Securities and Exchange Act, Ace Pillar has promulgated the "Rules Governing the Procedures of Meetings of the Board of Directors" which stipulated requirements to contents of meetings of the Board, the operating procedures, the matters to be recorded in the proceedings, the announcements and any other matters. Meetings of Ace Pillar Board shall be convened at least once per quarter. All members of the Board shall exercise the due care of a good administrator and bear fiduciary duty to manage exercise their powers with a high degree of self-discipline and prudence under the guidance of optimization of Shareholders' interest.

2. Operations of the Audit Committee

The Company had convened 6(A) Audit Committee meetings in 2022 with the following attendance:

Title	Name	Attendance in Person(B)	Number of times attended by proxy	Attendance rate (B/A)	Remark
Independent Director (Convener)	Liang-Yoo Lee	6	0	100%	2022.06.14 Win re-election
Independent Director	Sheng-FaYeh	6	0	100%	
Independent Director	Chi-Hang Yang	6	0	100%	

Other items that shall be recorded:

A. If any of the following matters occurs during the operation of the Audit Committee, the dates, terms, contents of the proposal of the Board meetings, the opinions of all Independent Directors and the responses by the Company shall be cleanly described:

a.Matters included in Article 14-5 of the Securities and Exchange Act:All resolutions have been approved with the consent of one-half or more of all Audit Committee members before a resolution has been reached at the Board meeting. There were no resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors.

Date	Discussions	Opinions by Independent Directors and Treatment by the Company
2022.01.04 First Session/ Tenth Meeting	1. Investment in the common stock of Standard Technology Corp.	1.All Audit Committee Members presented at the meeting agreed
2022.03.02 First Session/	1. Statement of Internal Control System and Report on the Results of Self-Assessment for FY2021	

Date	Discussions	Opinions by Independent Directors and Treatment by the Company
Eleventh Meeting	2. 2021 Annual Report on Operations, Financial Statements and the Annual Plan of Operations for FY2022 3. Distribution of Earnings for FY2021 4. Amendment to the Procedures for Acquisition and Disposal of Assets 5. Loaned US$1million to a subsidiary, Suzhou Super Pillar Automation Equipment Co., Ltd. 6. Cancellation of US$3million endorsement and guarantee to Tianjin Ace Pillar Co., Ltd. 7. Review of the accountant's service fee for FY2022	without objection 2. Treatment to opinions by Audit Committee Members: None
2022.03.14 First Session/ Twelfth Meeting	1. Investment in the shares of BlueWalker GmbH	
2022.05.03 First Session/ Thirteenth Meeting	1. Consolidated Financial Report for the first quarter of FY2022 2. Acquisition of 100% equity interest in BenQ ESCO Corp.	
2022.08.03 Second Session/ First Meeting	1. Consolidated Financial Statements for the Second Quarter of 2022 2. Proposed capital loan of RMB20 million to 100%-owned subsidiary, Tianjin Ace Pillar Co., Ltd. 3. Proposed loan of RMB20 million to a 100%-owned subsidiary, Suzhou Super Pillar Automation Equipment Co., Ltd. 4. Acquisition of assets for business real estate by the Company	
2022.11.02 Second Session/ Second Meeting	1. Proposed internal audit plan for 2023 2. Consolidated financial statements for the third quarter of 2022 3. To appoint a certified public accountant for the financial statements for FY2023. 4. Proposed loan of RMB30 million to a 100%-owned subsidiary, Tianjin Ace Pillar Co., Ltd. 8. Proposed capital increase of 100% of subsidiary ACE Energy Co., Ltd. 9. Proposed sale of 100% equity interest in BlueWalker GmbH, a subsidiary	

b. Except the items in the preceding issues, other resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors: None.

B. For the implemtnation of Directors' avoidance due to conflicts of interest of Directors, please clearly specify the names of Directors, the content of the proposals, the reasons of avoidance due to conflicts of interest and the participation in the voting amd resolution: None.

C. Communication between Independent Directors, the Internal Audit Director and CPAs (the major issues, methods and results of the Company's financial and business conditions shall be descripted in details):

The Audit Committee of the Company would regularly convene inernal meetings and invite CPAs, internal auditors, legal affairs staff, financial accounting staff and other units on a quarterly basis to discuss or discuss the information of discoveries during the examination of financial statements of the most recent period (including the accountant's duties and independence, scope and methos for examination or verification, examination or verification results of financial report, analysis of key financial ratios, major accounting treatment, major regulatory updates and other related issues), internal audit verification results (including report of verification of current audit, the follow-up report), and financial business profiles, etc.. All Independent Directors had communicated well and efficiently with the Internal Audit Director and CPAs.

D. Annual key functions and operations:

a.Annual key functions

(a) Communicate results of audit report with the head of internal audit regularly according to the annual audit plan.

(b) Communicate with CPA regularly over financial statement review or audit results in each quarter.

(c) Review financial reports.

(d) Assessment of the effectiveness of internal control system.

(e) Review the hiring, dismissal, compensation and service matters concerning CPAs.

(f) Review the Company's operational procedures and material transactions of assets, derivatives, capital lending and endorsement/guarantees.

(g) Legal compliance.

b.2022 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

3. Governance of the Company and deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
I. Does the Company formulate and disclose the Code for Governance Practice in accordance with the "Governance Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has developed a Code of Corporate Governance Practices, and the updates have been posted in the Market Observation Post System(MOPS) and the Corporate Governance section of the website.	No deviation
II. Equity structure and shareholders' equity				No deviation
(I) Does the Company formulate the internal procedures to deal with the shareholders' suggestions, doubts, disputes and litigation, and implement according to the procedures?	V		1.The Company has a spokesperson and a proxy spokesperson, and has set up an investor section on its website to provide relevant contact information and deal with shareholders' suggestions or disputes.	
(II) Does the Company actually hold the list of the major shareholders actually controlling the Company and the ultimate controller of the major shareholders?	V		2.The Company reports changes in the shareholdings of its directors, managers and major shareholders holding 10% or more of its shares on a regular monthly basis in the MOPS and discloses the top 10 shareholders in the annual report of the shareholders' meeting.	
(III) Does the Company establish and execute the risk control and firewall mechanism with the affiliated enterprises?	V		3.The Company has established a "Code of Conduct for Related Party Financial Operations", which includes procedures for transactions such as purchase and sales and the acquisition or disposal of assets, and establishing related controls.	
(IV) Does the Company formulate the internal codes to prohibit insider trade of the securities by making use of the non-public information?	V		4.The Company has established the "Procedures for Handling Material Information and Prevention of Insider Trading" to prevent insider trading and other related matters. On May 3, 2022, the Board of Directors added a new regulation to prohibit insiders from trading stocks during the closed period of 30 days prior to annual financial report and 15 days prior to quarterly financial report. At least once a year, the Company will provide training to current directors, managers and employees to achieve 134 visits and 67 person-hours in 2022 to implement the insider trading prohibition course.	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors formulate and implement diversified policies and specific management objectives?	V		1. Please refer to the chapter on Diversity and Independence of the Board of Directors (P.10-P.13) for the formulation and implementation of the Company's policy on diversity of the Board of Directors' composition.	No deviation
(II) Does the Company voluntarily set up other functional committees than the Remuneration Committee and the Audit Committee?	V		2. The Company established the Risk Management Committee in 2021. Although there is no nomination committee, a candidate nomination system is adopted for the election of directors (including independent directors), and candidates for incumbent directors (including independent directors) are proposed by shareholders holding 1% or more of the shares or by the Board of Directors, and after examination by the Board of Directors, they are submitted to the shareholders' meeting for election.	
(III) Does the Company formulate the measures and methods for valuation of the Board of Directors, organize performance evaluation every year and regularly, submit the performance evaluation results to the Board of Director, and apply the same for remuneration and nomination for reappointment of the individual directors?	V		3. On August 10, 2016, the Board of Directors adopted the "Board of Directors' Performance Evaluation Methodology", the evaluation method and implementation of which are described in the chapter on Board of Directors' Evaluation and Implementation. (P.21-P.22) According to the Articles of Incorporation, if there is profit in the annual accounts, no more than 1% will be set aside for the remuneration of directors. The Remuneration Committee and the Board of Directors determine the remuneration of directors and consider their reappointment based on the operating results and the "Remuneration Plan for Directors and Functional Committee Members", taking into account the performance evaluation.	
(IV) Does the Company regularly evaluate independence of the CPAs?	V		4. The Audit Committee and the Board of Directors annually assess the independence and suitability of the accountants and require them to provide a statement of independence, which is evaluated in accordance with the Independence Project. (P.33) Results of the independence assessment of the accountants: After confirming that the accountants have no other financial and business relationship	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			with the Company other than financial report visa and financial tax case fees, and that the accounting firm (visa accountants and their audit team members) does not violate the independence requirements, the results of the latest annual evaluation were discussed and approved by the Audit Committee on November 2, 2022, and then submitted to the Board of Directors for approval on November 2, 2022.	
IV. Does the listed company allocate suitable and appropriate governance officers, and designate the chief governance officer responsible for governance related affairs (including but not limited to providing data required by the directors and supervisors to execute the business, assisting the directors and supervisors to comply with the laws and decrees, conducting the matters related to the board meeting and the shareholders' meeting, and preparing the minutes of the board meeting and the shareholders' meeting?	V		As approved by the Board of Directors' resolution on March 16, 2020, Ms. Kuo-Mei Chen was appointed as the Head of Governance and is responsible for related matters, and her qualifications meet the requirements of Paragraph 1, Article 3 of the Code of Corporate Governance Practices for Listed Companies. The duties and responsibilities of the Head of Corporate Governance include: 1. Conduct board meetings and shareholders' meetings in accordance with the law. 2. Prepare minutes of board meetings and shareholders' meetings. 3. Assist directors in assuming office and pursuing continuing education. 4. To provide information necessary for directors for their business and to assist them in complying with laws and regulations and in handling matters related to changes in directors. 5. Other matters in accordance with the Articles of Incorporation or contract. Implementation of business for 2022: 1. The Board of Directors held seven meetings and the Audit Committee held six meetings in 2022. 2. In 2022, the Company held one general shareholders' meeting. 3. All members of the Board of Directors have completed refresher courses of at least 6 credits. 4. Assist the independent directors and general directors in carrying out their duties, provide necessary information, and regularly inform the board members of the latest changes in laws and regulations related to corporate governance.	No deviation

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			5. The Board is responsible for reviewing the dissemination of material information on important Board resolutions to ensure that it is appropriate and correct to protect investors' trading information. 6. The results of the external and internal assessments of the 2022 Executive Board performance were reported to the Board in March 2023. 7. Please refer to P.33 for the corporate governance officer's training.	
V. Does the Company establish channels for communication with the stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up special stakeholder area at the Company's website, and properly respond to important corporate social responsibility issues of stakeholder concern?	V		The Company attaches importance to communication with stakeholders and regularly announces financial and business information on the MOPS and the investor section of the website to fully disclose events that may affect stakeholders, and has established a mailbox on the website to respond to stakeholders' expectations and suggestions.	No deviation
VI. Does the Company appoint a professional agency to deal with the affairs of the Board of Shareholders?	V		The Company has appointed Taishin Integrated Securities Co., Ltd. to act as its share agent and to conduct the affairs of the shareholders' meeting.	No deviation
VII. Public information				No deviation
(I) Does the Company set up a website to disclose the financial affairs and governance related information?	V		1. The Company has a corporate website and discloses financial and governance information on it.	
(II) Does the Company use other information disclosure methods (such as setting up English website, appointing especially-assigned person to collect and disclose the company information, publishing the spokeman system, and corporate	V		2. The Company has set up a website in English and Chinese, and has dedicated personnel to collect and disclose corporate information, implement a spokesperson and proxy spokesperson system, and place presentations for corporate meetings on the website.	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
orientation meeting process at the Company's website)? (III) Does the Company announce and declare the annual financial report within 2 months at the end of the fiscal year, and publish and declare the financial reports for Q1, Q2, Q3 and Q4 and the operation of each month in advance before the stipulated time limit?	V		3. In accordance with Article 36 of the Securities and Exchange Act, the Company announced and reported its annual financial statements within three months after the end of each fiscal year; the financial reports for the first, second and third quarters of 2022 and the revenue for each month were announced and reported on the MOPS and uploaded to the website before the prescribed deadline.	
VIII. Does the Company have other important information helping understand the operations of corporate governance as follows?				No deviation
(I) Employee rights and caring for the employees	V		1. We uphold the basic principle of "sincerity" and treat our employees with sincerity, and set up a welfare committee to protect the legitimate rights and interests of employees in accordance with the law. For employee rights and benefits, please refer to the Labor Relations Chapter. (P.78-P.79)	
(II) Investor relations	V		2. In accordance with the relevant regulations, the Company's personnel will immediately announce information on financial, business and insider shareholding changes, and an investor zone on the website is ready to regularly update for investors' inquiries, and a spokesperson system will be in place to communicate with investors timely.	
(III) Supplier relationship	V		3. The Company has established a supplier selection process based on the Company's future product trend requirements and procurement strategy, to investigate whether the potential supplier's production capacity, technological innovation capability, quality and service management systems meet our requirements to serve for future selection.	
(IV) Stakeholder rights	V		4. The Company has set up a stakeholder mailbox on its website as a communication channel to	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			respond to the expectations and suggestions of stakeholders, and reports annually to the Board of Directors on its communication with each stakeholder for their understanding. The stakeholders' communication for the year 2022 was reported to the Board of Directors on March 1, 2023.	
(V) Progress of training of directors and supervisors	V		5. The directors have followed the key rules for further education, and the relevant information on the directors' training has been disclosed on MOPS.	
(VI) Risk management policy and execution of risk measurement standards	V		6. The Company has a risk management committee to formulate risk management policies and regularly assess to reduce corporate risks, please refer to the company Website for more information.	
(VII) Execution of customer policy	V		7. ACE places a strong emphasis on a customer-oriented quality system and management philosophy. We prioritize enhancing customer satisfaction by ensuring compliance with relevant regulations, high-quality shipping, providing technical support, and offering customer service. We conduct regular business review meetings and customer satisfaction surveys to understand any gaps between customer needs and expectations. In addition, we address customer complaints by identifying the root cause of the issue and implementing improvement strategies to ensure the best possible service for our customers.	
(VIII) Liability insurance purchased by the Company for directors and supervisors.	V		8. The Company has taken out liability insurance for its directors to enable them to act prudently and without fear of prejudice to the interests of investors. The report to the Board of Directors on the insurance coverage of directors' and supervisors' liability insurance is reported to the Board of Directors at least once a year and the last was completed on August 3, 2022.	
IX. Please state the improvement based on the governance evaluation results recently published by the Governance Center of Taiwan Stock Exchange Corporation, and put forward improvement priorities and measures against the matters far from perfect. 1. The Company's governance results for the 8th (FY2021) are among the top 36%-50% and the results for the 9th (2022) are not yet available as at the date of printing of the Annual Report.				

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation</th><th rowspan="2">Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td colspan="5">2. The Company has entrusted an independent evaluation institution, Taiwan Corporate Governance Association in 2022, to evaluate the performance of the board of directors of the Company and Board meeting to report the evaluation results in March, 2023.
3. The revised major information processing and prevention of insider trading operating procedures were approved by the Board of Directors on May 3, 2022, which added regulations prohibiting insiders from trading their stocks during the thirty-day closed period before the annual financial report announcement and the fifteen-day closed period before each quarterly financial report announcement.</td></tr>
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Independence assessment indicators of CPA：

Evaluation Items	Evaluation result	Independency
No direct or indirect substantial financial interest between the CPA and the Company.	No	Yes
No borrowing/lending of fund between the CPA and the Company.	No	Yes
No potential employment relationship exists when the CPA audits the Company's report.	No	Yes
The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director /supervisor, managerial officer, or any position materially critical to the audited case in the most recent 2 years, and will never hold said positions in the future audit period.	No	Yes
Non-audit services provided by CPA to the Corporation have no direct impact on the major items of audit services provided.	No	Yes
The CPA does not promote or sell shares or other securities issued by the Corporation.	No	Yes
The CPA is not representing the Corporation in litigation of a third party or other disputes.	No	Yes
The CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Corporation audits at the Corporation.	No	Yes

Corporate governance officer's training

Date		Training Institution	Course Name	Training Hours
From	Until			
2022.04.22	2022.04.22	Taiwan Sustainable Energy Research Foundation	Taishin 30 Sustainable Zero Summit Forum - Serious Zero for Sustainable 2030	3
2022.06.30	2022.06.30	Taiwan Corporate Governance Association	ESG Reporting Trends and Business Implications of Information Access	3
2022.09.29	2022.09.29	Taiwan Stock Exchange	2022 Listed Companies - Reference Guidelines for Independent Directors and Audit Committees and Director Advocacy Meeting	3
2022.11.11	2022.11.11	Chinese Corporate Securities and Futures Market Development Foundation of the Republic of China	Listed Companies - Derivatives Trading Strategies and Market Outlook Seminar	3

4. Composition, duties, and operations of the Company's Remuneration Committee:

(1) Information on the members of the Remuneration Committee

Position	Criteria / Name	Key board qualifications, expertise and attributes	Meet conditions of independence (Note 1)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director (Convener)	Chi-Hang Yang	Please refer to Professional qualifications and independence analysis of directors. (P.10-P.13)	Compliant	1
Independent Director	Sheng-Fa Yeh		Compliant	0
Independent Director	Liang-Yoo Lee		Compliant	0

Note 1: Independence; including but not limited to whether the person, spouse, or relatives within the second degree act as directors, supervisors or employees of the company or its related enterprises; The number and proportion of shares held in the company; whether he is a director, supervisor or subject of a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with). Employed persons; the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

(2) Responsibilities of the Remuneration Committee:

The Remuneration Committee shall professionally and objectively evaluate the remuneration policies and systems of directors and managers and make recommendations to the Board of Directors for its decision making; it shall faithfully perform the following functions with due care and submit its recommendations to the Board for discussion: I. To establish and regularly review policies, systems, standards and structures for the evaluation of performance and remuneration of directors and managers. II. To regularly evaluate and set the remuneration of directors and managers.

(3) Operation of Remuneration Committee:

A. The Company has a Remuneration Committee composed of three members.

B. Term of the current Committee: From June 14, 2022 to June 13, 2025. The Company had convened twice (A) Remuneration Committee meetings in 2022 with the following attendance:

Position	Name	Attendance in Person (B)	Attended by Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Chi-Hang Yang	2	0	100%	2022.06.14 Win re-election
Committee Member	Sheng-Fa Yeh	2	0	100%	
Committee Member	Liang-Yoo Lee	2	0	100%	

C. Discussion from the Remuneration Committee in 2022 and up to the publication date of this annual report, resolutions, and ways the Company handled opinions from committee members:

Meeting date	Period	Item	Resolutions	The Company handled opinions from committee members
2022.03.02	First 2022	1. Annual Employee and Director Compensation Distribution for FY2021 2. Proposed compensation targets for	Convener of the Remuneration	The proposal was approved without dissent

		senior managers for FY2022 3. Establishment of Employee Stock Ownership Trust.	Committee consulted the opinion of all attending remuneration committee members.	and submitted for resolution at the Board meeting.
2022.11.02	Second 2022	No Discussion Items	NA	NA

Other items that shall be recorded:

A. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the Directors′ Meeting, session, contents of proposals, results of meeting resolutions, and the Company′ s disposition of opinions provided by the Remuneration Committee shall be described in detail (also, where the salary and compensation approved by the Directors′ Meeting is better than that recommended by the Remuneration Committee, the differences and the reason for the approval shall be described in detail): None.

B. For the decisions made by the Remuneration Committee, if there are members who hold objection or reservation to a resolution and such objection or reservation is on record or raised through a written statement, the date, session, contents of proposals, all members′ opinions, and ways in handling these opinions should be elaborated: None.

5. Promotion of sustainable development, deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
I. Does the Company establish a governance structure to promote sustainable development, and set up full-time (part-time) body for promoting sustainable development, and does the Board of Directors authorize and urge the senior executives to take actions?	V		In 2018, the Administration Department was responsible for social affairs, and in 2022, the Sustainable Development Committee was formally established to propose and implement corporate sustainable development policies, systems or management guidelines and specific plans. This committee is chaired by the General Manager and comprises senior executives from various departments as members. The Director General coordinates and promotes cross-departmental sustainability matters and reports annually to the Board of Directors, who review the implementation results and progress of the sustainability strategy and provide recommendations for improvement. Performance for FY2022 was reported in March 2023.	No deviation.
II. Does the Company evaluate risks for environment, society and governance issues related to the Company's operation, and formulate the relevant risk management policies or strategies based on the materiality principle?	V		1. Referring to the GRI guidelines and AA1000 APS Principle of Accountability, the four principles of Inclusivity, Materiality, Responsiveness and Impact are used to define major stakeholders, identify ESG materiality issues, and further evaluate the significance of materiality issues in terms of economic, social and environmental impacts as a basis for sustainable development. It is used as a basis for strategic planning. After evaluation, we will formulate risk management policies or strategies. 2. The Board of Directors adopted the "Code of Sustainable Development", which clearly defines the main principles of sustainable development: implementation of corporate governance, development of a sustainable environment, maintenance of public welfare and enhancement of corporate sustainable development information disclosure. Environment: Based on the management concept of environmental protection and energy saving, we identify the possible risks of climate change on our operations and consider the reduction targets of greenhouse gas emissions,	No deviation.

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
			water and electricity consumption. Social aspect: To attach importance to the balanced development of employees, to provide a safe and healthy working environment, and to protect labor rights and interests. Corporate Governance: The "Risk Management Policy" was approved by the Board of Directors in November 2020, and a Risk Management Committee is established to identify and deal with risks every year, and report to the Audit Committee and the Board of Directors every year.	
III. Environmental issues				No deviation.
(I) Does the Company establish suitable environmental management system based on its industry features?	V		Our company is mainly engaged in automatic electromechanical components and professional automation technology services, which is not highly polluting. We focus on developing green energy and energy-saving products and solutions, and actively promote energy-saving and carbon-reduction policies to all employees.	
(II) Does the Company devote to improving utilization efficiency of the resources, and use renewable materials with low load on the environment?	V		1. As a non-manufacturing company, our environmental impact is mainly from our office premises, and our energy consumption is mainly on fuel of business vehicles and electricity. However, we continue to reduce our impact through water and electricity saving measures and concepts.	
(III) Does the Company evaluate the present or future potential risks and opportunities caused by the climate change on the enterprise, and take appropriate actions against the climate related issues?	V		1. The Sustainability Committee is the highest organization that annually reviews the strategic objectives of climate change, manages risk and opportunity actions, reviews implementation and discusses planning, and reports to the Board of Directors. 2. According to the internal risk identification, the risks and opportunities of climate change are evaluated and the related risks and opportunities are as follows: Risks (1) Regulatory Risk: The government and international customers are gradually paying	

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
			attention to the demand for carbon reduction, and we will continue to pay attention and respond to related issues as early as possible. (2) Climate change risk: it leads to global warming and greenhouse effect, and more stringent environmental regulations may lead to higher cost of agency products. (3) Other climate-related risks: Whether the products we represent can meet the environmental requirements of our customers is also a concern. Opportunities: We will continue to develop green and energy-saving products and provide automated solutions to reduce the impact of our products on the environment in order to meet customer requirements and increase satisfaction and market share.	
(IV) Does the Company make statistics about the greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	V		1. Since 2021, we have conducted an inventory of greenhouse gas emissions, electricity and water consumption, and set reduction targets and measures, because the non-manufacturing industry is waste-free except for general waste, and water consumption is mainly for people's livelihood. (The latest two years of self-examination of greenhouse gas emissions are as follows, covering the six locations of the Taiwan headquarters) Unit:CO2e t Category / 2021 / 2022 / Item Area I / 288.99 / 255.85 / Business vehi Area II / 139.50 / 139.96 / Electricity 2. Energy saving and carbon reduction, specific management measures: (1) Encourage the use of public transportation, and replace driving with high-speed rail for meetings with colleagues from other counties and cities. (2) Promote the use of video for routine meetings to reduce staff commuting. (3) Use environmentally friendly water dispensers to reduce standby power consumption.	

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
			(4) Turn off office lights during lunch break. (5) Replace the faucet in the dressing room with an induction type, and replace the toilet with a two-stage flushing device to save water. (6) Reduce the use of disposable tableware and encourage colleagues to bring environmentally friendly tableware. (7) Electronic signature system has been installed to reduce the use of paper and toner.	
IV. Social issues (I) Does the Company formulate the relevant management policies and procedures according to the relevant laws and regulations, and the international covenants of human rights?	V		1. The Company follows the principles of the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact and the United Nations International Labor Organization, respects internationally recognized basic human rights, fulfils its social responsibilities and protects the basic human rights of all employees, customers and stakeholders. 2. The employee work rules and regulations are formulated in accordance with the Labor Standards Law to protect the legal rights of employees. 3. The human rights management policies and specific plans are summarized as follows: (1) To ensure a safe, comfortable and healthy working environment, and provide necessary protective equipment. (2) To ensure safety and health of all employees and to provide safety trainings, such as fire training and emergency response awareness for the situations that employees will encounter in the workplace. (3) To prevent internal and external workplace violence, we have established a "Prevention of Unlawful Acts of Assault in the Performance of Duties" program, which allows employees to work contentedly, and a "Written Statement on the Prohibition of Workplace Violence" is signed by management and announced to all employees. (4) The management will respond to the issues	No deviation.

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
			raised by the employees through at least four labor-management meetings a year. (5) The Company has established "Sexual Harassment Prevention Measures and Disciplinary Measures", so that employees can report to the human resources department if they experience any. The Company will keep the identity of the complainant confidential. The Company has not received any complaints regarding labor rights and human rights issues in FY2022.	
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the operation results or achievements in the employee's remuneration?	V		1. Employee welfare measures (1) The welfare committee was established in accordance with the law, and the main items are four festivals and birthday gifts, travel subsidies, marriage and childbirth subsidies, bereavement and sickness assistance, disaster relief, and scholarships for employees' children. (2) We attach great importance to the health of our employees and provide free health checkups once a year and arrange monthly health service sessions with professional doctors and nurses. (3) The company has a rest area with free snacks and drinks. (4) 2021/6~2022/6The company pays the full amount of COVID-19 vaccination coverage for employees, who are entitled to paid leave if they receive the vaccination. (5) Various leisure activities are held from time to time, such as family day, online walking, singing contest, tree planting and forestry activities, etc. 2. Employee Compensation (1) We offer competitive salaries, depending on the individual's academic experience, professional skills, performance-based salary classification and salary adjustment to reward contributions and motivate performance. (2) The Articles of Incorporation stipulate that 2-20% of the profit of annual accounts shall be set aside for employee compensation. (3) We value diversity and equality, and offer equal	

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
			pay and opportunities for advancement for both men and women. (4) Employee stock ownership trust to be established in 2022.	
(III) Does the Company provide the employees with a safe and healthy work environment, and regularly implement safety and health education for the employees?	V		A safe and healthy working environment is one of the most basic obligations, and our company follows the laws and regulations related to labor safety and health, and the specific implementation is as follows: 1. Safety and hygiene training for newcomers helps recruits understand the work environment, hazard prevention and other topics, and annual safety and hygiene training promotes precautions and concepts to enhance occupational safety and hygiene awareness. 2. We conduct annual fire safety escape drills for all employees, check the availability of firefighting facilities, and conduct office safety courses. 3. Office elevators and access control systems are in place to control entering and exiting. 4. Annual health checks are conducted to help employees understand their health conditions and provide follow-up medical consultation. 5. In 2022, in response to the Covid-19, we implemented prevention measures such as shifting to work or working from home in accordance with the information released by the Central Epidemic Command Center to protect health of employees and customers while ensuring uninterrupted operation.	
(IV) Does the Company establish effective career development training plan for the employees?	V		We have complete training program for all new recruits. They receive corporate culture orientation and integrity manual training upon arrival, while current employees receive training programs based on job requirements. In addition to the basic training program, the human resources department conducts annual surveys on needs to plan annual training. We encourage employees to improve their language skills, set up subsidies for foreign language training and certification, consider their career planning, and provide cross-country work opportunities as a stage to expand international perspectives and experience.	

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
(V) Does the Company comply with the relevant laws, regulations and international standards, and formulate the relevant policies and complaint procedures for protection of the rights and interest of the consumers or customers with respect to the customer's health and safety, privacy, marketing, marking and other issues of the products and services?	V		Our company has passed ISO-9001: 2015 International Quality Certification, and has set up a complaint channel, service telephone number and mailbox listed on the website.	
(VI) Does the Company formulate the supplier management policies, demand the suppliers to comply with the relevant specifications in relation to environmental protection, occupational health and safety or labor human rights, and implement the same?	V		Through our supplier promotion program, we conduct audits and evaluations of our suppliers, investigating potential suppliers' production capacity, technological innovation capabilities, and whether their quality and service meet our requirements. Our evaluation process includes reviewing the supplier's basic information, product information, and financial status. We require suppliers to adhere to the principles of integrity and cleanliness and fulfill their corporate social responsibility. If a supplier engages in dishonest behavior or serious misconduct, we will cease any further dealings with them. Our company follows the five dimensions of the updated Responsible Business Alliance Code of Conduct: labor rights, health and safety, environmental protection, ethical standards, and management systems. We communicate these standards to our suppliers to ensure that there are no violations of labor freedom of association, child labor, or forced labor, thereby enhancing our supply chain's social responsibility and environmental health and safety performance.	

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
V. Does the Company prepare the sustainability report and other reports that disclose the Company's non-financial information by reference to the international generally accepted report preparation standard or guidelines? Has the Company obtained confirmed or secured opinion on the foregoing reports from the third-party verification agency?	V		The company intends to issue its first sustainability report in 2022, which will be announced on the MOPS and the company's website according to the schedule set by the competent authorities.	No deviation.
VI. If the Company formulates its own code for sustainable development in accordance with the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies, please specify the deviation between the operation and the stipulated principles: There is no material difference.				
VII. Other important information conducive to knowing and promoting sustainable development： Social Care: Donated NT$50,000 to "Liver Disease Prevention & Treatment Research Foundation" in 2018-2019 to promote education and public awareness of liver disease prevention and to support research on liver disease treatment methods. In 2021, when COVID19 was rampant, we donated NT$300,000 to the Taipei Hospital of the Ministry of Health and Welfare, 1,200 pieces of protective clothing to the Shuang Ho Hospital of Taipei Medical University, and 800 protective masks, 5,000 masks, and 200 boxes of medical gloves to the United Hospital of New Taipei City. Industry-Academia Collaboration: Translation: Starting from 2020, we participate annually in industry-academia internship programs and provide opportunities for training to students who are currently enrolled or graduating soon. The internship themes include "Integration of Intelligent Automation Systems - Applied Technology Workshop" and "AI Smart Machine Vision Application Talent Training Camp." By offering summer internship opportunities, we aim to cultivate the talent in the integration and application of intelligent automation systems that the industry needs.				

6. Honest Management, and deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
I. Formulation of the honest management policies and plan (I) Does the Company formulate the Honest Management policies adopted by the Board of Directors, and set forth the honest management policies and practices in the regulations, rules and external documents, and the commitments of the Board of Directors and senior executives to positively implement the operation policies?	V		1. As sincerity and mutual trust is one of our business philosophy, and "sincerity" our basic conducting principle, the "Company's Code of Integrity" has been established and adopted by the Board of Directors to express the policy and practice of integrity management. The Board of Directors and the management have signed a declaration to actively implement this policy.	No deviation.
(II) Does the Company establish mechanism for evaluation of the risks from dishonest behaviors, regularly analyze and evaluate the business activities of higher dishonest behavior risks within the business scope, and formulate the action plan against the dishonest behaviors which shall at least cover the preventive measures against the behaviors in Paragraph II of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		We have established a risk assessment mechanism for dishonesty. 1. We have established a risk assessment form to assess the risk of dishonesty and ask each unit to assess annually. 2. The Integrity Manual is the highest code of conduct for employees and sets forth the following precautions against dishonesty: (1) Bribery and accepting bribes. (2) Making illegal political contributions. (3) Improper charitable donations or sponsorships. (4) Offering or accepting unreasonable gifts, hospitality or other improper benefits. (5) Infringement of trade secrets, trademarks, patents, copyrights, and other intellectual property rights. (6) Engage in unfair competition. (7) The Company's products and services are developed, purchased, manufactured, provided or sold directly or indirectly harms the rights, health	

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
(III) Does the Company specify and implement the operation procedures, the code of conduct, violation punishment and appeal system in the dishonest behavior prevention plan, and regularly	V		and safety of consumers or other interested parties. 1. The Company's Integrity Handbook specifies that in order to prevent any dishonesty, employees are required to take the initiative in raising ethical concerns and conflicts of interest with the Company and to submit disciplinary and grievance systems for violations. 2. On August 15, 2016, the Company adopted the "Rules for Handling Cases of Reporting Illegal, Unethical or Dishonest Behavior" to set up a channel for reporting and handling complaints to provide internal and external personnel with the opportunity to report any illegal or unethical behavior or violations of the Code of Conduct for Integrity in order to ensure the legitimate rights and interests of whistleblowers and related persons. 3. The above-mentioned rules are regularly reviewed and amended in accordance with the implementation to prevent dishonesty.	
II. Implementation of honest management				No deviation.
(I) Does the Company evaluate the integrity records of the counterparty, and set forth the integrity clauses in the contracts with the counterparty?	V		Before dealing with others, the Company fully understands the integrity of the other party and evaluates their legitimacy and whether there is a record of dishonesty to ensure that they will not ask for, offer or accept bribes, and if there is a violation, the Company may terminate the contract or never work with the supplier again.	
(II) Does the Company set up a special unit under the Board of Directors for promoting the honest management, and regularly (at least once a year) report the honest management policies and the dishonest behavior	V		The Human Resources Department of the Company is responsible for the establishment of the integrity culture regulations, promotion, complaints and review of integrity risks, and regularly reports to the Board of Directors for implementation, and that in 2022 has been reported in March 2023.	

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
prevention plan and execution thereof to the Board of Directors?				
(III) Does the Company formulate the policies to prevent conflict of interest, provide appropriate presentation channels, and implement the same?	V		For conflict of interest, the Company's Integrity Manual specifies the conflict of interest and avoidance policy and the "Handling of Reports of Illegal, Unethical or Dishonest Conduct", which provides appropriate channels of presentation and requires the relevant units to implement them.	
(IV) Has the Company established effective accounting system and internal control system for implementation of honest management, and formulated the relevant audit plan by the internal audit unit according to the dishonest behavior risk evaluation results, and audited compliance with the dishonest behavior prevention plan or entrusted a CPA to audit the same?	V		1. The Company continuously revises its internal control system in accordance with the requirements of the Act, and conducts audits and evaluations its effectiveness of the internal control system. 2. Based on the risk assessment of dishonesty, the Audit Office prepares an audit plan and conducts regular audits. All items required by law are included in the annual audits, and the audit results and improvements are reported to the Audit Committee and the Board of Directors quarterly. 3. The Company's accounting system has been established in accordance with the requirements of the Act, and the financial statements are prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards approved by the FSC. The Company's financial statements are audited or reviewed by a certified public accountant quarterly.	
(V) Does the Company regularly organize internal and external education and training in relation to honest management?	V		The Company conducts an annual online integrity manual training course for all employees, 100% of whom have completed the training course in FY2022. In 2022, the completion rate of the integrity handbook training reached 100%, with a total of 347 person-hours.	
III. Operation of the Company's whistle-blowing system				No deviation.
(I) Does the Company formulate	V		The Company's Integrity Handbook specifies that	

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
the whistle-blowing and reward system, establish the convenient whistle-blowing channels, and dispatch appropriate especially-assigned personnel responsible for handling the whistle-blowing object?			illegal incidents must be reported immediately, and the "Handling of Reports of Illegal, Unethical, or Dishonest Conduct" specifies the internal and external reporting mailboxes, hotlines and levels of acceptance.	
(II) Does the Company formulate the standard operation procedure for investigation of the the whistle-blowing matters, subsequent measures that shall be taken after investigation and the relevant confidentiality mechanism?	V		The Company's "Rules for Handling Reports of Illegal, Unethical or Dishonest Conduct" specify the standard operating procedures and confidentiality mechanism for complaints.	
(III) Does the Company take actions to protect the informer from and against improper disposal due to whistle-blowing?	V		The Company's Integrity Manual and related regulations stipulate that The Company will keep the contents and results of investigations strictly confidential and ensure that the rights and interests of the personnel involved will not be compromised.	
IV. Strengthen information isclosure Does the Company disclose the contents and effect of the ethical corporate management principles formulated by the Company at its website and the public information observation station?	V		The Company has set up a corporate governance section on the website to disclose the contents and effectiveness of integrity management.	No deviation.

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
V. the Company has formulated the its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies, please describe the implementation and any deviations from the Principles? The Company established the "Code of Conduct for Integrity Management" in August 2016 and revised it in November 2020. The overall operation is not significantly different from the "Code of Conduct for Integrity Management of Listed Companies".				
VI. Other important information conducive to known the Company's honest management: (e.g. the Company reviews and revises its ethical corporate management principles) (I) The Company conducts regular awareness-raising and training to convey the importance of honesty and emphasizes honest management. (II) The Company reviews and amends the Code of Conduct from time to time.				

7. If the Company has formulated the code of governance and the relevant rules, please describe the inquiry method:The Company has disclosed the Code of Corporate Governance and related regulations on the Company's website and MOPS.

8. Other important information for enhacing understanding of the implementation of corporate governance:

(1) The Company's Board of Directors resolved on April 30, 2020 to appoint corporate governance officers to protect the rights and interests of shareholders and to strengthen the functions of the Board.

(2) The Company has a corporate governance section on the website to disclose financial and business information, important resolutions of the Board and corporate governance.

9. Status of Implementation of Internal Control System

(1) Statement of internal control system

ACE PILLAR CO., LTD.

Statement of Internal Control System

Date: Mar. 1, 2023

Based on the self-evaluation results of the internal control system for 2022, the Company hereby states as follows：

1. The Company acknowledges that the Company's Board of Directors and managers are responsible for establishing, implementing and maintaining the internal control system. The Company has established such system. It is designed to reasonably guarantee the operation effect and efficiency (including profit making, performance and secured asset safety, etc.),reliability, timeliness, transparency and compliance with the relevant specifications, laws,decrees and regulations.effective.
2. Internal control system has its inherent limitation. No matter how perfect the design, effective internal control system can only provide reasonable assurance for achievements of the above objectives.Moreover, due to changes to the environment and situation, effectiveness of the internal control system may be changed accordingly. However, the Company establishes self-supervision mechanism for the internal control system. As long as defects are identified, the Company immediately takes corrective actions.
3. The Company judges whether design and execution of the internal control system are effective based on the judgment items for effectiveness of the internal control system under the Standards of the Companies making Public Offering on Establishment of Internal Control System (hereinafter referred to as the "Standards") Judgment items for the internal control system under the Standards are composed of five elements dividend based on the management process of the internal control system: 1. Control environment; 2. Risk evaluation; 3. Control operation; 4. Information and communication; and 5. Supervision operation. Each element also contains several items. Please see the provisions of the Standards for the foregoing items.
4. The Company has evaluated the effectiveness of design and execution of the internal control system based on the above judgment items of the internal control system.
5. Based on the foregoing evaluation results, the Company has concluded that the Company's internal control system as at Dec. 31, 2022 (including supervision and management of the subsidiaries) can reasonably guarantee achievements of the above objectives, including understanding of the extent to which the effect and efficiency objectives of the operation are achieved, and that design and execution of the internal control system related to reliability, timeliness, transparency and compliance with the relevant specifications and laws are effective.
6. This statement will become the main contents of the Company's annual report and prospectus, and will be announced to the public. Any false, concealed and illegal information in the above public announcement will lead to legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors on March 1, 2023, and all nine directors present agreed to the contents of this statement and hereby declare.

Ace Pillar Co., Ltd.

Chairman: Chang-Hung Lee

President: Chang-Chien Li

(2) Companies which CPAs to professionally review the internal control system shall disclose the review report provided by the accountants: Not applicable.

10. The Company and its personnel have been punished by law, the Company has undertaken disincentive measures for its personnel for breaching the internal control system, and any material deficiencies and revisions in the most recent year up to the publication date of the Annual Report: None.

11. Material Resolutions Approved by Board Meetings

Date	Meeting of 2022	Resolutions
2022.01.04	First Board Meeting	1. Investment in the common stock of Standard Technology Corporation.
2022.03.02	Second Board Meeting	1. Statement of Internal Control System and Report on the Results of Self-Assessment for FY2021 2. Annual Employee and Director Compensation Distribution for FY2021 3. 2021 Annual Report on Operations, Financial Statements and the Annual Plan of Operations for FY2022 4. Distribution of Earnings for FY2021 5. Distribution of cash dividends from fiscal year earnings for FY2021 6. Re-election of 9 directors (including 3 independent directors) 7. Nomination of Director and Independent Director Candidates 8. Release of New Directors and Representatives from Restrictions on Competition 9. Amendment to the Articles of Incorporation 10. Amendment to the Procedures for Acquisition and Disposal of Assets 11. Fixing the date and agenda of the Annual General Meeting of Shareholders for FY2022 12. Renewal of Bank Credit Facility 13. Loaned US$1million to a subsidiary, Suzhou Super Pillar Automation Equipment Co., Ltd. 14. Cancellation of US$3million endorsement and guarantee to Tianjin Ace Pillar Co., Ltd. 15. Change of the Company's registered office address 16. Review of the accountant's service fee for FY2022 17. Proposed compensation targets for senior managers for FY2022 18. Establishment of Employee Stock Ownership Trust
2022.03.14	Third Board Meeting	1. Investment in the shares of BlueWalker GmbH
2022.05.03	Fourth Board Meeting	1. Consolidated Financial Report for the first quarter of FY2022 2. Renewal of Bank Credit Facility 3. Amendment to the Articles of Incorporation 4. Amendment to the Corporate Governance Code 5. Amendment of "Procedures for Handling Materials and Prevention of Insider Trading". 6. Amendment to the Accounting System 7. Changing the Company's stock exchange agent effective August 1, 2022 8. Release of New Directors and Representatives from Restrictions on Competition 9. Acquisition of 100% equity interest in BenQ ESCO Corp.

Date	Meeting of 2022	Resolutions
2022.06.14	General Meeting of Shareholders	1. Ratification of Business Report and Financial Statements for the Year Ended December 31, 2021 Implementation: Approved by a vote. 2. Recognize the appropriation of earnings for the year ended December 31, 2022 Implementation: As approved by the resolution, the cash dividends amounted to NT$0.9 per share and the total cash dividends amounted to NT$101,025,438, which were paid on August 12, 2022. 3. Amendment to the "Articles of Incorporation" Implementation: The amendment was approved by a vote and the change of registration with the Ministry of Economic Affairs was completed on August 04, 2022. 4. Amendment to "Procedures for Acquisition or Disposal of Assets" Implementation: Approved by a resolution and uploaded to MOPS on June 27, 2022. 5. Release of New Directors and Representatives from Restrictions on Competition Implementation: The resolution was approved and the material information was released on June 14, 2022 in accordance with the regulations.
2022.06.14	Fifth Board Meeting	1. Election of new Chairman of the Board of Directors 2. Appointment of members of the Company's Fifth Salary and Compensation Committee
2022.08.03	Sixth Board Meeting	1. Consolidated Financial Statements for the Second Quarter of 2022 2. Proposed capital loan of RMB20 million to 100%-owned subsidiary, Tianjin Ace Pillar Co., Ltd. 3. Proposed loan of RMB20 million to a 100%-owned subsidiary, Suzhou Super Pillar Automation Equipment Co., Ltd. 4. Renewal of Bank Credit Facility 5. Acquisition of assets for business real estate by the Company 6. Amendments to the "Rules of Sustainable Development Best Practice Principles "
2022.11.02	Seventh Board Meeting	1. Proposed internal audit plan for 2023 2. Consolidated financial statements for the third quarter of 2022 3. To appoint a certified public accountant for the financial statements for FY2023. 4. Proposed loan of RMB30 million to a 100%-owned subsidiary, Tianjin Ace Pillar Co., Ltd. 5. Proposed new and renewed bank lines 6. Proposed amendment to the "Rules Governing the Conduct of Board Meetings" 7. Proposed amendment to the "Procedures for Handling Materials and Prevention of Insider Trading" 8. Proposed capital increase of 100% of subsidiary ACE Energy Co., Ltd. 9. Proposed sale of 100% equity interest in BlueWalker GmbH, a subsidiary
Date	Meeting of 2023	Resolutions
2023.03.01	First Board Meeting	1. Statement of Internal Control System and Report on the Results of Self-Assessment for FY2022 2. Amendment of "Internal Control System" and "Implementation Rules for Internal Auditing" 3. Distribution of compensation to employees and directors for FY2022 4. 2022 Annual Report on Operations, Financial Statements, and Plan of Operation for FY2023

Date	Meeting of 2022	Resolutions
		5. Distribution of Earnings for FY2022 6. Distribution of cash dividends from earnings for FY2022 7. Release of current directors and their representatives from restrictions on competition 8. Amendments to the "Rules of Procedure for Shareholders' Meetings" 9. Amendment of the "Risk Management Policies and Procedures" 10.Revised the "Rules and Regulations of the Audit Committee" 11.Set date and agenda for the Annual General Meeting of Shareholders for FY2023 12. Reviewed accounting fees for FY2023 13. Established the Company's pre-approved non-confirmation service policy 14. Proposed compensation distribution to executive officers for FY2022 15. Proposed compensation targets for executive officers for FY2023 16. Proposed bonus and salary adjustment policy for executive officers for FY2023 17. Proposal on the Proportion of Remuneration to Employees and Directors

12. Major contents of any dissenting opinions on record or stated in a written statement made by Directors or supervisors regarding material resolutions passed by the Board of Directors' Meeting in the most recent year up to the publication date of this report: None.

13. In the most recent year up to the publication date of the Annual Report, a summary of the resignation and dismissal of the Company personnel such as Chairman, President, accounting manager, financial manager, internal audit manager and R&D manager: None.

(V) Information on CPA fees

Unit: NT$1,000

Accounting Firm	Name of CPA	CPAs Audit Period	Audit Fee	Non-audit Fee	Total	Remark
KPMG	Wei-Ming Shih Mei -Yen Chen	2022.1.1~2022.12.31	3,510	530	4,040	Note

Note：Non-audit Fee includes translation fee of the financial statements and tax report, etc.

1. Replacement of accounting firm and the audit fees in the replacing year is less than that in the previous year: Not applicable.

2. Audit fees were reduced by over 10% compared with the previous year: None.

(VI) Information on replacement of CPAs

If the Company replaces the accountant during the most recent two fiscal years and subsequently, the following matters shall be disclosed:

1. Regarding former CPA

Replacement date	2022.11.02		
Reason and explanation for replacement	The CPAs are changed from Wei-Ming Shih and Mei -Yen Chen to Huei-Chen Chang and Mei-Yen Chen from the first quarter of 2023,due to the internal adjustment from the accounting firm.		
Explain why the appointor or CPA terminated or refused to accept the appointment	Parties / Status	CPA	Appointor
	Appointment terminated	Not applicable	Not applicable
	Refused to accept (continue) appointment	Not applicable	Not applicable
Audit report opinions other than unqualified opinion over the last two years and reason	None		
Did issuer have a different opinion	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	None	V	
Other items requiring disclosure (disclosures for Clause 6.1.4~7, Article 10 of these guidelines)	None		

2. Regarding the Succeeding CPA

Name of CPA firm	KPMG
Name of CPAs	Huei-Chen Chang, Mei-Yen Chen
Date of Appointment	November 2.2022
Inquiries regarding the accounting treatment methods of specific transactions, accounting principles or opinions provided on financial report prior to the appointment and results	None
Written opinion of successor CPA regarding discrepancies in opinion with the prior CPA	None

3. Former CPA Letters Regarding Clause 6.1 and 5.2.3, Article 10 of these Guidelines: Not applicable

(VII) Has any of the Company′ s Chairman, President, or managers responsible for finance or accounting duties served in the Company′ s CPA firm or its affiliated Company within the most recent year: None.

(VIII) The Situation of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more than 10% of Company shares in the most recent year (or initial date of a manager's term of service) up to the publication date of this report:

1. Changes in shares held by Directors, managers, and shareholders holding 10% or more of shares:

Title	Name	2022		As of March 28, 2023	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Director	DFI Inc.	0	0	0	0
Representative of Corporate Director	Chang-Hung Lee	0	0	0	0
Representative of Corporate Director	Chih-Chen Lin	(70,967)	0	0	0
Representative of Corporate Director, President	Chang-Chien Li	0	0	0	0
Representative of Corporate Director	Chia-Hung Su	0	0	0	0
Representative of Corporate Director	Li-Min Huang	0	0	0	0
Director	Han-Yu Investment Co., Ltd.	0	0	0	0
Representative of Corporate Director	Hwei-Ling Yang	0	0	0	0
Independent Director	Sheng-Fa Yeh	0	0	0	0
Independent Director	Liang-Yoo Lee	0	0	0	0
Independent Director	Chi-Hang Yang	0	0	0	0
Vice President	Shih-Tth Lin	0	0	0	0
Vice President	Qiao-Zhi Tang (Note)	0	0	Not applicable	Not applicable
Vice President	Liang-Kuo Wang	0	0	0	0
Finance and Accounting Supervisor	Kuo-Mei Chen	0	0	0	0
Major shareholder	DFI Inc.	0	0	0	0

Not: Resignation on October 31, 2022

2. Counterparty of equity pledge is a related party: None.

3. Counterparty of equity pledge is a related party: None.

(IX) Information of relationships between Top 10 shareholders are related parties, spouses or relatives within the second degree of kinship Relationship

Information of relationships between Top 10 shareholders are related parties 2023.03.28

Name (Note1)	Shares held		Shares held by spouse or underage children		Total sharesheld in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship,his/her/its title (or name) and relationships (Note2)	
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number Of shares	Shareholding Percentage (%)	Title (or Name)	Relationships
Representative of Dfi Inc. : Chi Hung Chen	53,958,069	48.07%	0	0%	0	0.00%	None	None
Representative of Han-Yu Investment Co., Ltd. : Er-Kun Zhou	10,176,013	9.07%	0	0%	0	0.00%	None	None
Representative of Chief Investment Co., Ltd. : Hui-Zhen Guo Chen	7,329,443	6.53%	0	0%	0	0.00%	None	None
Representative of Rido Investment Co., Ltd. :Wu-Jun Qi	5,711,538	5.09%	0	0%	0	0.00%	None	None
Wen-Deh Chen	1,916,719	1.71%	188,761	0.17%	0	0.00%	None	None
Zhi-Hong Lin	1,790,000	1.59%	0	0%	0	0.00%	None	None
Representative of Run Fun Investment Ltd. : Yu-Xuan Guo	1,315,039	1.17%	0	0%	0	0.00%	None	None
Guang-Yu Shang	1,258,478	1.12%	0	0%	0	0.00%	None	None
Ding-Yuan Wu	1,009,509	0.90%	0	0%	0	0.00%	None	None
Bo-Ya Lin	942,672	0.84%	0	0%	0	0.00%	None	None

Note 1: Each of the top ten shareholders should be listed. Both the corporate shareholder name and representative name should be listed for corporate shareholders.

Note 2: Shareholding percentage calculations are made using the individual shareholding percentages of the person, his/her spouse, minor children and use of other names

(X) Shareholdings and Combined Joint Shareholdings of Businesses Invested in by the Company, Company Directors, Supervisors or Executive Officers or Directly or Indirectly Controlled by the Company

Unit: thousand shares 2022.12.31

Investment business	Investment by the Company		Investment by Directors, supervisors, managers and directly or indirectlycontrolled business		Combined investment	
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)
Tianjin Ace Pillar Co., Ltd.	Note	17.05%	Note	82.95%	Note	100%
Cyber South Management Ltd.	4,669	100%	-	0%	4,669	100%
Hong Kong Ace Pillar Enterprise Ltd.	1,200	100%	-	0%	1,200	100%
Proton Inc.	-	0%	17,744	100%	17,744	100%
Grace Transmission (Tianjin) Co., Ltd.	-	0%	Note	100%	Note	100%
Ace Tek(HK) Holding Co.,Ltd	-	0%	150	100%	150	100%
Suzhou Super Pillar Automation Equipment Co., Ltd.	-	0%	Note	100%	Note	100%
Advancedtek Ace (TJ) Inc.	-	0%	Note	100%	Note	100%
ACE Energy Co., Ltd.	4,993	99.86%	-	0%	4,993	99.86%
BlueWalker GmbH	-	0%	Note	100%	Note	100%
Standard Technology Corp.	4,680	60%	-	0%	4,680	60%
Standard Technology Corp. (BVI)	-	0%	600	100%	600	100%
Standard International Trading (Shanghai) Co., Ltd.	-	0%	Note	100%	Note	100%

Note:The company is structured as a limited company.

IV.Capital and Shares

(I) Capital and shares

1. Source of Share Capital

Mar. 28, 2023 Unit: NTD

Year and month	Issued price (par value per share)	Authorized capital		Paid-in capital		Note		
		Number of Shares (thousand shares)	Amount (thousand)	Number of Shares (thousand shares)	Amount (thousand)	Source of capital	Capital increase by assets other than cash	Others
1999.12	10	7,260	72,600	7,260	72,600	Surplus transferred to common stock	-	1992.12.10 Approved by TCOC Certificate No. 88359399
2000.08	10	8,712	87,120	8,712	87,120	Surplus transferred to common stock	-	2000.8.31Approved by TCOC Certificate No. 89323438
2001.12	10	29,000	290,000	13,939	139,392	Surplus transferred to common stock	-	2001.12.21 MOEA Certificate No. 9001509160
2002.08	10	29,000	290,000	17,339	173,392	Surplus transferred to common stock	-	2002.08.06 MOEA Certificate No. 09101320300
	10	29,000	290,000	20,113	201,135	Surplus transferred to common stock	-	
2003.10	10	29,000	290,000	24,262	262,619	Surplus transferred to common stock	-	2003.10.15 Approved by FSC Certificate No. 0920148208
2004.07	10	29,000	290,000	27,800	278,001	Surplus transferred to common stock	-	2004.07.22 Approved by FSC Certificate No. 0930132874
2005.08	10	41,000	410,000	32,144	321,438	Surplus transferred to common stock	-	2005.08.02 Approved by FSC Certificate No. 0940131547
2006.07	10	41,000	410,000	37,166	371,663	Surplus transferred to common stock	-	2006.07.17 Approved by FSC Certificate No. 0950130920
2007.07	10	60,000	600,000	43,732	437,323	Surplus transferred to common stock	-	2007.07.11 Approved by FSC Certificate No. 0960035578
2008.07	10	100,000	1,000,000	60,245	602,450	Surplus transferred to common stock	-	2008.07.04 Approved by FSC Certificate No. 0970033426
2009.07	10	100,000	1,000,000	63,257	632,572	Surplus transferred to common stock	-	2009.07.21 Approved by FSC Certificate No. 0980036434
2011.09	10	100,000	1,000,000	75,909	759,086	Surplus transferred to common stock	-	2011.06.24 Approved by FSC Certificate No. 1000029255

Year and month	Issued price (par value per share)	Authorized capital		Paid-in capital		Note		
		Number of Shares (thousand shares)	Amount (thousand)	Number of Shares (thousand shares)	Amount (thousand)	Source of capital	Capital increase by assets other than cash	Others
2011.10	10	100,000	1,000,000	76,043	760,426	Transferred unsecured convertible bond	-	2011.10.17 MOEA Certificate No. 10001237250
2012.04	10	100,000	1,000,000	76,202	762,021	Transferred unsecured convertible bond		2012.04.13 MOEA Certificate No. 10101066110
2012.08	10	100,000	1,000,000	87,608	876,085	Surplus transferred to common stock		2012.07.09 Approved by FSC Certificate No. 1010030176
2017.12	10	100,000	1,000,000	88,573	885,735	Employee stock options		2017.12.15 MOEA Certificate No. 10601161900
2018.04	10	100,000	1,000,000	88,842	888,425	Employee stock options		2018.04.10 MOEA Certificate No. 1070137130
2018.06	10	100,000	1,000,000	88,912	889,125	Employee stock options		2018.06.06 MOEA Certificate No. 10701057390
2018.12	10	200,000	2,000,000	89,225	892,255	Employee stock options		2018.12.18 MOEA Certificate No. 10701147540
2019.10	20	200,000	2,000,000	112,225	1,122,255	Private stock transferred to common stock		2019.10.23 MOEA Certificate No. 10801145280
2020.12	10	200,000	2,000,000	112,250	1,122,505	Employee stock options		2020.12.02 MOEA Certificate No. 10901221500

2023.03.28

Shares Type	Authorized Shares			Notes
	Outstanding shares	Un-issued shares	Total shares	
Common Shares	112,250,487	87,749,513	200,000,000	

2. Shareholder structure

Mar. 28, 2023

Shareholder Structure / Quantity	Govermmental Organizations	Financial Institutions	Other Institutional Investors	Domestic Individuals	Foreign Institutions and Individuals	Total
Number of Shareholders	0	4	11	4,267	19	4,301
Number of shares held	0	242,431	78,545,394	31,212,645	2,250,017	112,250,487
Shareholding Percentage (%)	0.00%	0.22%	69.97%	27.81%	2.00%	100.00%

3. Distribution of Equity Ownership

Mar. 28, 2023

Class of Shareholding	Number of shareholders	Number of shares held	Shareholding Percentage (%)
1 ~ 999	1,472	321,117	0.29%
1,000 ~ 5,000	2,216	4,503,870	4.01%
5,001 ~ 10,000	270	2,082,236	1.85%
10,001 ~ 15,000	101	1,265,034	1.13%
15,001 ~ 20,000	51	939,435	0.84%
20,001 ~ 30,000	59	1,491,670	1.33%
30,001 ~ 40,000	30	1,051,604	0.94%
40,001 ~ 50,000	19	868,416	0.77%
50,001 ~ 100,000	33	2,370,683	2.11%
100,001 ~ 200,000	15	2,156,720	1.92%
200,001 ~ 400,000	16	4,878,268	4.35%
400,001 ~ 600,000	7	3,425,791	3.05%
600,001 ~ 800,000	1	675,000	0.60%
800,001 ~ 1,000,000	2	1,755,835	1.56%
1,000,001or more	9	84,464,808	75.25%
Total	4,301	112,250,487	100.00%

4. List of Major Shareholders

Mar. 28, 2023

Major Shareholders	Number of Shares Held	Shareholding Percentage
DFI Inc.	53,958,069	48.07%
Han-Yu Investment Co., Ltd.	10,176,013	9.07%
Chief Investment Co., Ltd.	7,329,443	6.53%
Rido Investment Co., Ltd.	5,711,538	5.09%
Wen-Deh Chen	1,916,719	1.71%
Zhi-Hong Lin	1,790,000	1.59%
Run Fun Investment Ltd.	1,315,039	1.17%
Guang-Yu Shang	1,258,478	1.12%
Ding-Yuan,Wu	1,009,509	0.90%
Bo-Ya Lin	942,672	0.84%

5. Market price for the past 2 fiscal years,together with the Company′s net Worth per share,earnings per share, dividends per share, and related information

Unit: NTD

Item			2021	2022	As of March 31, 2023
Market Price Per Share (Note1)	Highest		42.8	36.2	31.9
	Lowest		21.9	25.35	28.25
	Average		30.05	31.81	30.16
Net Worth Per Share (Note 2)	Before Distribution		18.29	18.25	(Note 6)
	After Distribution		17.39	17.75	-
Earnings Per Share (EPS)	Weighted Average Shares Number (thousand Shares)		112,250	112,250	112,250
	Earnings per share	Before retrospective	1.32	0.7	(Note 6)
		After retrospective	1.32	0.7	-
Dividends Per Share	Cash dividends		0.9	0.5	-
	Dividends (Shares)	Dividend from retained earnings	-	-	-
		Dividend from capital reserve	-	-	-
	Cumulative unpaid dividend		-	-	-
Return on Investment	Price/Earnings Ratio (Note 3)		22.00	42.57	(Note 6)
	Price/Dividend Ratio (Note 4)		32.27	59.60	-
	Cash Dividend Yield (Note 5)		3.1%	1.7%	-

Note 1: The highest and lowest of common stock. The average market value is calculated using the trading volume and price for each year.
Note 2: Subject to change after shareholders′ meeting resolution.
Note 3: Price/Earnings ratio = Average market price / Earnings per share.
Note 4: Price/Dividend ratio = Average market price / Cash dividends per share.
Note 5: Cash dividend yield = Cash dividends per share / Average market price.
Note 6: Up to the publication date of this annual report, no information has been attested or approved by an independent auditor.

6. Dividend Policy and Execution Status

(1) Article 22-1 of the Company's Articles of Incorporation, concerning dividend policy, provides as follows:

If there is any surplus in the annual accounts, the Board of Directors shall, in addition to paying all taxes and contributions in accordance with the law, first make up for the accumulated deficit and then set aside 10% as legal reserve and other special reserve required to be set aside or reversed in accordance with the law, and if there is any surplus, the Board of Directors shall prepare a proposal for distribution to the shareholders' meeting for a resolution together with the accumulated undistributed earnings of previous years. If the appropriation of earnings is in the form of cash dividends, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

If there is any surplus in the annual accounts, the Board of Directors shall, in addition to paying all taxes and contributions in accordance with the law, first make up for the accumulated deficit and then set aside 10% as legal reserve and other special reserve required to be set aside or reversed in accordance with the law, and if there is any surplus, the Board of Directors shall prepare a proposal for distribution to the shareholders' meeting for a resolution together with the accumulated undistributed earnings of previous years. If the appropriation of earnings is in the form of cash dividends, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

The dividend distribution policy shall be based on operational and growth needs, taking into account future capital budgets and capital requirements. If there is a surplus in the annual general accounts and the distributable surplus reaches 2% of the capital, the dividend distribution shall be no less than 10% of the distributable surplus and the cash dividend shall not be less than 20% of the current year's dividend.

(2) The dividend distribution proposal by the Shareholders' Meeting：

The Company distributed cash dividends of NT$56,125,244 (NT$ 0.5 per common share), have been approved by the meeting of the board of directors held on March 1, 202, which will be reported at the 2023 Annual Shareholders' Meeting.

(3) Major changes expected in the dividend policy: None

7. The impact of dividend distribution proposed by this shareholders' meeting on the Company′ s operating performance and earnings per share: None.

8. Compensation for employees and Directors

(1) The percentage or range of compensation for employees and Director based on the Articles of Incorporation：

Regulations from the Articles of Incorporation of the Company:

Article 22

If there is a profit in the annual accounts (defined as pre-tax income less the amount of employee compensation and director's remuneration), 2-20% shall be allocated to employee compensation and no more than 1% to director's remuneration. However, if the Company has accumulated losses (including adjustments to undistributed earnings), the compensation should be reserved in advance.

The former employee compensation may be in stock or cash and paid to employees of control or subordinate companies who meet certain criteria, and the former director compensation may be in cash only.

(2) The basis for estimating the compensation to employees and directors, and of shares to be distributed as compensation to employees. If the actual distribution differs from the estimated amount, it is accounted as follows:

A. The basis of estimating compensation to employees and directors for the current period: The annual net income (profit refers to the income before taxation before the distribution of employee compensation and remuneration to directors and supervisors) is estimated according to the rate set by the Company's Articles of Incorporation.

B. The shares of employees' compensation distributed by stock is calculated based on: The calculation is based on the closing price on the day before the board of directors' resolution.

C. Any difference between the actual distribution amount and the estimated amount is recorded as profit or loss in the following year.

(3) The resolution of remuneration distribution by the Board of Directors:

Approved by the Company's Board of Directors on March 1, 2023

A. Cash compensation of NT$ 1,844,701 paid to employees and NT$ 922,351 to Directors.

B. Sum of employees' compensation in stock and its proportion of the net income after tax (NIAT) provided in the Individual Financial Statement and the total sum of employees' compensation: Not applicable.

(4) Actual distribution of employees and Directors' compensation in the previous year, and the difference, reasons, and processing situation for the employees and Directors' compensation that were recognized:

A. The amount distributed to employees’ remuneration in cash was NT$ 3,818,438 and NT$ 1,909,219 for Directors’ one.

B. The difference between the proposed distribution amount approved by the Board of Directors and the actual amount distributed：the actual distributed amount was the same as the proposed distribution amount approved by the Board of Directors.

9. Repurchase of the Company′ s Shares by the Company:

No repurchase of the Company’s shares by the Company was conducted in the recent annual periods and as of the printing date of the Annual Report.

(II) Information regarding Corporate Bonds: None.

(III) Handling of preferred shares: None.

(IV) Implementation of Overseas Depository Receipts: None.

(V) Employee stock option handling status : None.

(VI) Operations of new restricted employee shares: None.

(VII) Issuance of new shares in connection with the merger or acquisition of other corporations: None.

(VIII) Implementation status of fund application: None.

V. Operations

(I) Business Description

1. Business Scope

(1) The main contents of the Company's business

Our main business is automation control and industrial transmission including testing, processing, trading, maintenance, electromechanical integration and automation services, semiconductor, photovoltaic and solar energy related equipment, consumables and components sales and services, air conditioning, air pressure, heat recovery, lighting, power management, energy storage, power equipment monitoring, etc. Through energy saving sharing and system construction, we establish long-term partnership with customers. "PowerWalker" provides power protection solutions and peripheral sales and services for personal electronics, corporate IT equipment, industrial manufacturing and data centers in Europe.

(2) Operating ratio

Unit: NT$ 1,000

Major products	Revenue in 2021	(%)	Revenue in 2022	(%)
Mechanical transmission	1,461,821	39.95	1,167,569	31.03
Automation control	2,083,880	56.96	1,692,653	44.99
Sales and service of semiconductor equipment material	-	-	548,580	14.58
Energy management products	107,812	2.95	349,631	9.29
Others	5,191	0.14	3,988	0.11
Total	3,658,704	100.00	3,762,421	100.00

(3) Current Products (Services)

Our company provides parts and components and integrated planning and after-sales service for the manufacturing or use of automated electromechanical equipment industry, and currently represents the following products:

Category	Type of Product
Industrial transmission	Ball screws, linear slides, linear modules, pneumatic, hydraulic, couplings, electromagnetic clutch brakes, keyless bushings, torque limiters, cushioning devices, indicators, indexers, reducers, speed changers, gears, gear racks, etc.
Automation control	Inverter, AC servo motor and drive, direct drive servo motor and drive, linear servo motor and drive, programmable logic controller (PLC), Computer Numerical Control (CNC), human-machine interface (HMI), industrial process control (IPC), machine vision system (MV), CCD, magnetic scale, position sensor, temperature controller, pressure sensor, x eliminator, indicator lights, industrial electronic panels, power management, industrial Ethernet and industrial network products, power supply, Robot, AGV, AR glasses, charging piles, energy storage systems, edge computing and cloud services.
Semiconductor Equipment and Materials Sales and Services	High-pressure mercury lamps, gas discharge lamps, clean room explosion-proof clothing, inspection light sources, wafer transfer boxes, wafer transfer equipment, metal gas filters, photoresist applicators, magnetic fluid shaft seal motors, vibration sensors, measurement softwares, abrasive powders, photoresist removal fluids, cleaning fluids
Energy saving equipment and related services	Power inventory/energy saving/storage system, interruptible power system, gaming series

(4) New products (services) planned to be developed

Our company focuses on integrating services to drive the smart manufacturing industry, paying close attention to the trends and needs of automated mechanical and electrical equipment, and introducing the latest products and technologies timely. In addition to provide high quality, high performance and appropriate cost components required, we also introduce sensors, intelligent systems and components required by factory facilities and process equipment. Based on the customer and market demand as the starting point, we will evaluate the development, agency and integration of products in various fields, and the development focus and direction for the next 1-2 years are as follows:

A. Smart Manufacturing AI Solutions

a. Based on our current core technology and capabilities, we can independently expand our plant monitoring system and production line visualization, seek cooperation with production and equipment management vendors, and become a third-party automation partner to jointly undertake cases.

b. In addition to the automation of the production line, the automation of the operation process is also an important part. The optimization of the company's operation process and the introduction of AI intelligence is also the focus of digital transformation. With the help of AI's in-depth knowledge in the field, the value of data is captured, and the value of data at all levels is strengthened. Use data analysis to make instant decisions to reflect intelligent management.

c. Through the digitization of data and optimization through AI, we can help companies to achieve digital transformation.

B. ESG Sustainable Development and Services

a. Energy Storage: In line with the government's 2025 renewable energy generation target of 25% and 2050 net-zero carbon emission transformation target, we combine solar, wind, and other green energy power EMS, power regulation system PCS, battery BMS and module integration planning with UPS continuous power system to do a holistic construction.

b. Charging pile: In response to the growing electric vehicles, we provide overall services for charging piles: Including charging pile hardware, management software, and operation platform to increase user convenience.

c. Net Zero Carbon Emission: In view of the fact that obtaining green hydrogen and reducing costs are important keys to fuel cell electric vehicles and a part of green energy to achieve net zero emissions, we have continued to introduce hydrogen fuel cells and have recently promoted Panasonic applications in China.

d. Energy saving of transmission machinery: Focus on improving mechanical efficiency, mainly operating efficiency, such as the use of planetary reducer to replace the old WORM-GEAR reducer to improve efficiency. Use linear slide rail instead of hard rail to reduce friction coefficient and save energy. Adopt DD (multi-stage AC motor) instead of (motor + speed reducer) to improve efficiency and save energy.

e. Air conditioning energy saving: Maintain comfortable life, regulate and control temperature, and save energy. Analyze the operation mode of motors such as ice and water mainframe, fan (air conditioner), etc., and install inverter, detection SENSOR, controller, etc., to control the operation frequency, so as to save electricity and energy without running at full load all the time.

f. Energy saving of injection molding machine: Analyze the operation mode of the hydraulic PUMP of injection molding machine and install the oil and electric energy saving system (high level inverter + AC servo motor + hydraulic PUMP) to reduce the full-time operation of traditional PUMP to save energy without affecting precision.

g. Energy saving by rebound utilization: For the characteristics of stamping machines, centrifugal machines, and elevators (cranes), when they are operating in the load return (generator mode), their energy is stored and fed back to the power grid to save energy.

h. Energy saving in lighting: LED lamps are used to replace traditional fluorescent lamps to save energy.

C. Complete Robotics Solution

a. We provide various suitable options for different needs, such as horizontal Scara, 6-axis joint, collaborative and high load type, etc. We can assist customers in planning, designing and integrating into Robot Station to improve overall ROI.

b. In the post-epidemic era, service robots play an important role in reducing human contact. In the future, intelligent service robots are needed in smart offices, smart medical care and smart shopping malls.

D. Smart set-top box (SMB) with AI

a. With the advent of the smart manufacturing era, the most important is to collect data and information from the network, and to discover real value needed from artificial intelligence (AI) through statistics. This has been applied to machines and equipment by installing smart onboard boxes to collect and count process data, monitor and operate remotely. It can be used to meet the needs of different automated machinery and equipment, or to meet the needs of future equipment networking. This allows companies to optimize production schedules, solve labor shortages, and meet fast and small production patterns.

b. By communicating with various PLCs, PCs, CNCs, robots, sensors and meters in the OT, the smart set-top box collects, stores, and visually presents data to assist in making quick judgments, and with AI's autonomous learning, it can make stage predictive maintenance and alerts to improve safety and productivity.

E. Accelerated development in the semiconductor field

a. Through product marketing plans, we expand the introduction of new products, develop new equipment, parts, and consumables in response to technological and industrial trends, deepen our technical capabilities, enhance added value, and participate in industrial growth.

b. In response to the continuous growth of the optoelectronics and semiconductor industries in China, we have integrated the Group's resources and established a task force to share resources and to Strengthening and expanding operational bases in China; to expand our penetration rate in semiconductor equipment manufacturers and optoelectronic and semiconductor customers, and to strengthen our local service capabilities.

2. Industry overview

(1) Current Industry Situation

Our company agent automation electromechanical components, semiconductor equipment materials and sells energy management products. The following describes the focus of the channel dealer industry in terms of products, sales markets and partners:

A. Development of product agent lines: With the expansion of agent lines, the more revenue sources can be increased, operational risks can be reduced, and the demand for one-time purchase can be met. However, the expansion of product lines must be accompanied by the elimination of negative factors, such as additional labor, cost and inventory risks, and the complementarity of existing product lines or the strength of competitive relationships.

B. Value-added services and technical support: In order to avoid price competition, channel operators must develop services to improve the added value of their products, and at present, the R&D capability and technology of channel operators have become pivotal alongside sales management.

C. Development of competitive products: General standard products are in great demand, but they are easily reduced to low-price competition, increasing operational risks and lowering gross profit tools, while special and potential products can establish the position of channel operators and guarantee revenue sources. Therefore, channel operators must closely observe the current situation and development of products, develop new agent product lines and build reasonable inventory at the right time, just like suppliers and customers.

D. Regional market development and competition: Taiwan's manufacturing base is gradually moving out of the country, and the role of China and Southeast Asia is becoming important. Channel companies must follow the footsteps of downstream manufacturers and actively develop the Asian market to provide the services and support required.

E. Industrial situation and inventory adjustment: In general, the correct interpretation and judgment of the economy by channel operators can be immediately reflected in their performance. Therefore, channel operators need to closely observe the trends of economy in order to precisely adjust their inventory and create the most profitable space.

F. Emerging sales models and e-commerce: As globalization advances, industry changes and product development accelerate, and multinational operations and competition come to the fore, channel operators must enhance their market intelligence collection and adaptability to be ready to respond to emerging production and marketing, such as opportunities brought about by the release of customers due to B2C. In addition, with the rise of the Internet, electronic marketplaces and e-commerce are in full swing. If the channel industry can make good use of the Internet to build a mechanism for trading and disseminating information, it will be able to quickly reflect the current market and reduce operating costs and risks.

G. Upstream supplier-customer relationship: In addition to acting as an agent, the channel operator also provides upstream suppliers with current market demand and product improvement suggestions, and relies heavily on the relationship with upstream suppliers for regional support. In addition to acting as an agent, the channel operator also provides upstream suppliers with current market demand and product improvement suggestions, and relies heavily on the relationship with upstream suppliers for regional support.

(2) Industrial development

The automation technology support industry, both at home and abroad, is a technology-intensive, service-intensive, non-volume production, and project-rich upstream industry, which started earlier in advanced foreign countries with mature industries and large market shares.The domestic start is late and the scale is small, so there are many restrictions, especially for the main bulk products, which are difficult to compete with the world's largest manufacturers. Fortunately, there is a lot of room for domestic development because of the wide range of products and the high quality of services.

Automation refers to the combination of computers, application software, sensors, control and communication technologies to replace or save labor, increase productivity, quality and efficiency. The automation electromechanical components are the basic units that form the machine or system for the integration of automated machine equipment and automation engineering system. Automated electromechanical components include controller, driver, actuator, sensor and transmission parts. When the automatic control technology is applied, the sensor component converts the physical and chemical changes of the system (position, speed, angle, current, etc.) into data and feeds it back to the controller, which processes it into information, which will be converted by the driver and actuator into physical and chemical quantities to act on the system.

The domestic industrial controller, Programmable logic controller (PLC), actuator, drive, inverter, servo motor, ball screw, sensing element, hydraulic components, logistics combination of aluminum frame and other industries have gradually sprouted and grown, but the product upgrading and integrity of the series still need to be strengthened; CNC numerical control of tool machines is still difficult domestically because the Japanese majors dominate the market; and other industrial machinery still faces great room of growth due to small amount.

Although, there is still a gap of the automation technology level gap of the between Taiwan and advanced countries, and the engineering experience is shallow, and many key components and technologies are still in the hands of advanced countries, the keen domestic demand for automation and the completion of government incentives and counseling measures will provide a good environment to accelerate its flourishing.The future direction of our company is as follows:

A. Strengthen technical support and provide high value-added customized services

   The channel companies should enhance their technical support, and as the technology matures, not only provide complete reference designs, but also provide complete products or design structures, and leave the manufacturing of end products to downstream customers; Channel companies should combine their existing product lines and technical capability resources, not only to buy and sales, but also to bring into play their technical and design capabilities to provide the best solutions; In fact, the international channel manufacturers after years of product sales base, with a semiconductor product line, generally tend to provide reference design solutions; those with information product line will also provide a total solution, combined with existing resources to develop a broader market, and as for Taiwan channel manufacturers in the move to the international occasion, the most important thing is how to develop a wide living space.

B. Combining with groups business in Southeast Asia and Europe, America and Africa to maximize the benefits of product lines

   Channel operators must clearly judge the development trend of each region and the nature of their own product lines. In addition to the 6 service bases in Taiwan and the subsidiary Tianjin ACE PILLAR CO., LTD. established in 1993 in Tianjin, which has professional sales and service teams in 13 important industrial cities, we provide advanced, efficient and complete solutions. In 2022, we will invest in Standard Technology Corporation, ACE Energy and Bluewalker to expand the European market, and expand our service territory in North America and Africa.

C. Upstream, midstream and downstream connections

We and our subsidiary, Standard Technology Corporation, are channel providers in the fields of electromechanical automation and semiconductor, photovoltaic and solar energy respectively, sourcing parts or materials from upstream design or manufacturing plants and providing them to downstream manufacturers of electromechanical automation equipment and semiconductor and photovoltaic industries. Our subsidiary, ACE Energy, provides a full range of professional energy services such as energy saving and storage, integrating the technical services of customers, material suppliers and equipment manufacturers to ensure energy efficiency, reduce labor burden and enhance customers' competitiveness.

The upstream manufacturer can use distribution agents to build a complete marketing channel to save sales and management costs; quickly provide distribution agents with the raw materials, equipment and technology needed to reduce the downstream industry's own inventory and design costs, reducing business risks. They can integrate the needs of the downstream industry and purchase from the upstream manufacturers to obtain a greater price advantage, and then sell the products to the downstream industry with flexible inventory management and the diversity of distribution agent brands. In this way, the efficiency of the division of labor between the middle and lower reaches is effectively improved.

With the rapid development of the automation, electromechanical and semiconductor industries, distributors are no longer just agents for sales and purchases, but must also provide regional market dynamics, development advice and customer development to upstream suppliers; provide diverse brands and complete product lines to downstream customers, reduce manufacturers' inventory risks and capital backlogs, provide integrated services, and save R&D time and costs, thus playing an important role between upstream suppliers and downstream customers.

(3) Product development trends

Taiwan's SMEs are facing digital transformation, which is a major challenge to accelerate the implementation of smart manufacturing and to promote modular applications, and the speed of digital implementation is the key.

Smart manufacturing cannot only be a single point application, and it must integrate OT and IT, but it is difficult due to no consistent standard for OT. We suggest factories to think from the concept of Data Fabric and build a data structure platform before production to obtain effective integrated data, so that the yield and crop rate can be maximized and equipment efficiency can be improved for fast digital transformation.

(4) Product Competition

Due to the wide products we represent, our business is focused on parts and consumables for automated mechanical and electrical equipment. At present, except for the automation division of Shihlin Electric Co., Ltd., the electronics division of TECO, the first division of Wachun Technology, Inc. and Salomon, Inc. which are listed on the stock exchange, there are no other listed companies that represent similar parts and components.

3. Technology and R&D overview

(1) Technology and R&D overview

A. Research and development expenses for the most recent year and as of the date of the annual report: As a distributor of automation parts and components and a professional automation technology service provider, the Company invests in research and development mainly for the salaries and related expenses of personnel.

Unit: NT$ 1,000

Project/Year	2022	First quarter of FY2023
Research and development expenses	5,805	(Note)

Note: As of the printing date of the annual report, the financial statements for the first quarter of 2023 have not been reviewed by the accountants, and therefore, no quarterly figures are available for reference.

B. Successfully developed technology or product

Company has been developing and marketing the parts and components for the automation and electromechanical industry, and the new products developed in recent years are summarized as follows:

Type of Product	Year	Products distributed or distributed	Application Fields
Mechanical transmission	2017	Yu-Guan Vacuum Pump	LED, SMT
	2018	Delta Scara500/700mm Robot/Barcode reader/MP1 Panel PAC, Li-ming new product-planetary speed reducer new series RV/harmonic speed reducer	Electronic equipment, intelligent factory, storage and logistics system
	2019	Taiwan CKD electric cylinder gripper FLSH series, sliding table FLCR series, rotating and transforming FGRC series, Tongfei cooling machine, Nikki LED lighting/warning light/working light, SKF electric cylinder/wire rail	Various industrial machinery
	2020	CKD special gripper for collaborative arm, Airtac linear rail, Li-ming HD/RV series	AGV/AMR warehouse logistics, special machines
	2021	Denmark OnRobot arm gripper/force sensor	Types of robot arm with
	2022	MGS ultra-precision gauges uMATE	Various industrial machinery, electronic equipment, smart factory
Automation control	2017	HIKROBOT, Innodisk PoE card, Delta Robot APP/intelligent set-top box	AOI, industrial computer, smart factory
	2018	DFI EC5xx series industrial computer/Kabylake series industrial motherboard, Japan CCS high-speed/high-brightness vision LED light source PF series	Electronic equipment, intelligent factory, storage and logistics system

Type of Product	Year	Products distributed or distributed	Application Fields
	2019	P+F OMT30 laser distance sensor, Delta B3 servo motor, DVP-50MC EtherCat motion controller, ME300 new generation compact inverter, DOP-100 advanced human-machine interface, DPM-C502 multifunctional smart meter, DRASimuCAD robot simulation integration platform, servo press, DMV3000G vision system, and DFI EC70B-SU Fanless Compact Industrial Computer	Various industrial machinery, AOI, smart factory, intelligent monitoring
	2020	Delta PLC AS500 series / Industrial Medical Power PMT2 series / Delta Device Networking Solution DIALink mini, ABB ROBOT, EPSON ROBOT, TM Collaborative Arm, PANASONIC Vision Recognition System, AR Smart Glasses, AWS Cloud service	Various industrial machinery, AOI, smart factory, warehouse logistics system
	2021	ABB charging pile, PANASONIC energy storage system, Delta PCS power regulation system, Delta UV sterilization lamp, Synergies AI platform, Shihlin inverter (China market)	Factories, office buildings, shopping malls
	2022	Delta W3 servo, motion controller AX3,AX8 series, digital force sensor MSR series, second generation CNC NC5 series. DFI ES220 series industrial computers, Shaoyang ESD protection system, etc.	Industrial machines and smart factories

4. Long-term and short-term business plans

(1) Short-term development direction

In the short term, we will continue to work hard and harvest by implementing the following key tasks to strengthen our competitive advantages and services.

A. Rationalization of workflow and implementation of quality policy

With the assistance of professional organizations, we have established workflow rationalization and control points to meet internal control requirements, and established quality policies, objectives and implementation plans under the guidance of consultants to meet the highest standards; we have passed the review of ISO quality objectives renewal assessment.

B. Strengthened digital media marketing, intelligent social platform and on/offline seminars.

Semiconductor, smart factory and smart medical are the star industries in Taiwan with the most potential for investment. In addition to continuing to participate in automation and semiconductor exhibition SEMICON TAIWAN and then expanding to Computex, automation Roadshow, Seminars in key regions, YouTube Webinar, and WeChat public number SmartMotion Academy, we will also provide high value-added integration services through online and offline seminars, and use Social Media to share successful cases, and provide new product information and e-commerce platforms.

C. Human Resources/Organizational Management

People-oriented, excellent employees are the only way to form a good enterprise, and this only depends on training. In recent years, due to the expansion of our product range, in addition to the reform of sales management, business daily reports, computerization of processes, and the establishment of information networks to strengthen our business foundation, we have continued to enhance our product expertise and integrate the group's shared resources to maximize the benefits of replicating successful cases to dig big clients.

D. Professional automation system integration

We provide the most advanced product integration and application design and development services to enhance our professional technology development and design capabilities and build up our professional integration strength.

(2) Long-term development direction

In 2022, after investing in Standard Technology Corporation, ACE Energy, and BlueWalker, ACE PILLAR will focus on three major areas, namely, intelligent automation, green energy and semiconductor.

A. Smart mobility: The total population of Taiwan has been growing negatively since 2020 as an aging society, so in 2022, ACE PILLAR established the Intelligent Application Center to provide Pick & Place, AI machine vision, packaging/stacking, AGV/AMR and other products and services to solve the most difficult manpower problems. In addition, we provide data analysis and cloud management platform services for basic modules to enable customers to make appropriate optimization and adjustment for factory production.

B. Green Energy Layout: ACE PILLAR is the agent of top brands of energy saving and storage in Taiwan, Europe, Japan, and Taiwan, such as Delta, ABB, Panasonic, etc. After the investment in ACE Energy and BlueWalke, the product planning and layout of green energy is more complete, focusing on carbon inventory and energy saving solutions, tariff management equipment control, green energy equipment planning (including renewable energy, energy storage equipment and systems), carbon credits application, charging management platform and system, charging pile and UPS, etc.

C. Semiconductor field: By combining our strengths in transmission and automation with Standard Technology Corporation's knowledge in the semiconductors, we will provide with a more complete one-stop service for systems, equipment, components, and consumables related to plant, process, and smart logistics to assist customers in this field for digital transformation.

D. The original market of ACE PILLAR is mainly in the Asia-Pacific region including Taiwan and China. In 2022, we will expand our channels to Europe and North Africa with the addition of Standard Technology Corporation and BlueWalker GmbH. We will integrate our internal and external resources to become the best partner to upgrade and transform industries and a global influential partner for green energy and smart mobility.

(II) An analysis of the market as well as the production and marketing situation, including

1. Market Analysis

(1) Regions where the main commodities (services) are sold (provided)

Unit: NT$ 1,000

Year / Location	2021		2022	
	Revenue	%	Revenue	%
Mainland China	1,927,549	52.68	1,731,661	46.03
Taiwan	1,722,789	47.09	1,705,227	45.32
Europe	-	-	256,336	6.81
Others	8,366	0.23	69,197	1.84
Total	3,658,704	100.00	3,762,421	100.00

(2) Market Share

Our company is engaged in the distribution of automation electromechanical parts and components. Our products can be broadly classified into industrial transmission and automation control categories according to their characteristics. We are a distributor of brands including Delta Electronics, Airtac, PMI., Li-ming Machinery, Innodisk, DFI, TPI, Toyo, HIKROBOT (Vision), ABB, CKD, EPSON, MIKI PULLEY, Magnescale, PATLITE, LENZE, ATLANTA, CENTA, ETP, ELMO, Techman TM Collaborative Robot, and other well-known manufacturers. Due to the wide products we represent, their specifications, functions, applications and competitors are different, so it is difficult to objectively assess their market shares.

(3) Future Supply and Demand and Growth of the Market

The semiconductor industry, panel factories, and 5G communication capital expenditures will be heavily invested in domestic investment, while trends in urban renewal, wind power, green energy, energy saving and storage will also be beneficial to domestic investment.

In the post-epidemic era, the new crown epidemic is on the rise, and the introduction of zero contact and related protection has become the norm. 5G with AR solves the problem of interference in the use of large crowds, and cross-border use solves the geographical limitation of subsidiaries or factories located in different countries.

We can provide face recognition with access control system, UV inhibition lamp, epidemic prevention robot, infrastructure automation upgrade, digital cloud service...etc. We can extend the total solutions from the factory to different fields.

(4) Competitive niche

Our company has been upgraded from a supplier of traditional transmission components to one of drive, transmission and control automation products and technology service, mainly specializing in Speed control, Positioning control and Rotation transmission and our advantages are as follows:

A. We have a large customer base and long-standing experience in mechanical and electrical design and integrated application technology.

Our company has been operating in the industry for a long time and has thousands of customers from all walks of life. We provide the best technical consultation, design, integration, commissioning and after-sales services for automation parts and systems, focusing on needs of customers with the Domain Know How accumulated over years with overseas partners.

B. Close relationship with domestic and foreign suppliers and experienced in cooperation

The main suppliers are Delta Electronics, Airtac, PMI, TPI, Li-ming Machinery, Innodisk, DFI, TOYO, Techman Robot Inc., HIKROBOT (Vision), Aws, LENZE, ATLANTA, ABB, EPSON, Panasonic, MIKI PULLEY, CKD, CCS, SHIMPO, SHIMPO, NABTESCO, Magnescale, PATLITE, Israel ELMO, etc. are well known. Our company has long been cooperating with large manufacturers, not only absorbing their technical experience, but also helping customers to improve their technology.

C. Diversified products to meet the needs of One Stop Shopping

We distribute ball screws, linear slides, controllers, PLCs, HMIs, machine vision, servo motors, inverters, direct drive motors, precision reducers, splitters, couplings, etc. We have a complete product line and a full range of hardware and software, allowing customers to make a single purchase.

D. We innovate and provide total solutions to increase the added value.

With the upgrading of the industry, we are able to introduce new products timely, continuously learn new technologies and utilize our database to provide total solutions and technical services to enhance the added value and avoid getting caught in the quagmire of price competition.

(5) Favorable and Negative Factors and Countermeasures for Development

A. Favorable Factors

a. Matching of products sold with industries with development potential

According to a study conducted by Nomura Research Institute, commissioned by the Council for Economic Development, Executive Yuan, the most promising high-tech industries in the Republic of China are information equipment, semiconductors, machinery, environmental protection equipment, biochemistry and pharmaceuticals, and aerospace. Our company provides automation information equipment, machinery and equipment-related components, which are closely related to the potential industries and have a large market growth potential.

b. Complete and diversified product line, wide customer base, low risk

Through years of hard work and continuous expansion of our product lines, we have maintained deep cooperation with domestic and international suppliers, and continue to provide professional services to understand customers' needs, solve problems and meet various demands, thus enabling us to quickly obtain the latest information from home and abroad and represent potential products. With a wide range of clients across a wide range of industries, we are able to reduce the risk of being affected by a single industry downturn.

c. We have complete and experienced technical knowledge and the ability to manage professionals

Therefore, complete and experienced business and technical personnel are the key factors for the success of channel operators. We have an excellent management team with extensive experience, and the management leaders of each division have 10-20 years of experience as professionals, which helps to enhance the competitiveness.

B. Negative factors and countermeasures

a. High turnover of product technology

The technology of our industry is highly substitutable due to the development of new components, especially with the increasing automation, the introduction of new products and the change of generations, which test our ability to develop products and technical support.

Response measures

Our company keeps abreast of the trend of technology and application, and is committed to developing and distributing new components, new sources of supply and new product lines, and strengthening the collection of information to keep an eye on the trend of technology, suppliers and customers.

b. With the advent of the Internet and e-commerce era, it is gradually changing to provider to customer, which will affect our business pattern.

Response measures

(a) Enhance the expertise, build up the reputation of service quality, and create service value.

(b) We have strengthened the profit of Total Solution and integration.

(c) Strengthen product market development and application to enhance profitability.

2. Important applications and processes of major products

(1) Important applications and processes of major products

A. Important Applications

Major Products	Major Products (Commercial)	Main Applications or Functions
Mechanical transmission	Flexible couplings, servo couplings, rubber couplings, electromagnetic clutch brakes, keyless bushings, torque limiters, cushioning devices, indicators, indexing discs, gear reducers, turbo reducers, and servo precision reducers, etc.	Used in automobile, locomotive, steel, electromechanical and electronic equipment manufacturing to enable movement and positioning for round-trip and oscillating.
	Air cylinder solenoid valve, three-point assembly, fluid valve, liquid valve, etc.	Applicable for semiconductor manufacturing machinery, transport machinery, industrial tooling machines, textile machinery, plastic and rubber machinery, food packaging machinery and home appliances, etc., to help save energy, power and increase production and efficiency.
Automation control	Inverter and related parts	Applicable for variable speed control of semiconductor manufacturing machinery, transport machinery, industrial tooling machines, textile machinery, plastic and rubber machinery, food packaging machinery and home appliances, etc., to help save energy, power and increase production and efficiency.
	General-purpose servo motors and drives, direct drive servo motors and drives, linear servo motors and drives, etc.	For the electronic automation equipment industry, providing drive control for high-tech equipment
	Programmable controllers, servo NC controllers, human-machine interface and machine vision systems, magnetic rulers, etc.	It is a mobile, positioning control and monitoring device for industrial computer and automation equipment manufacturing.
Sales of semiconductor optoelectronic equipment and consumables and equipment maintenance	High-pressure mercury lamps, gas discharge lamps, clean room explosion-proof clothing, and inspection light sources	For high-pressure mercury lamps and gas discharge lamps in the photovoltaic and semiconductor yellow light process and for dust-free and explosion-proof clothing to be worn when changing lamps.
	Wafer transfer boxes and wafer transfer equipment	Suitable for wafer transfer, reading and classification in semiconductor process.
	Metal gas filters	High-pressure and fast filters for gas transmission pipelines
	Photoresist Coater	Apply photoresist and control the flow of photoresist liquid
	Magnetic fluid shaft seal motor	Vacuum Rotation Drive Motor
	Vibration sensor	Detect vibration and analyze vibration patterns
	Measurement Software	Semiconductor process yield improvement software
	Grinding powder	Grinding powder for semiconductor CMP process

	Photoresist removal, cleaning fluid	Optoelectronics, semiconductor photoresist removal fluid, cleaning and maintenance fluid
Energy management products (energy saving/storage/energy creation)	Power inventory/energy saving service Uninterruptible Power Supply System	For high value-added product supply chain and related medical institutions, we provide all facilities with uninterruptible power backup systems to reduce human injuries and related losses.

B. Production process

Our company is mainly an agent of various well-known brands of automatic mechanical and electrical components and semiconductor optoelectronic equipment services, and is not engaged in production activities, so this description is not applicable.

3. Supply of Main Raw Materials

Major Product Categories	Major Suppliers	Supply Status
Mechanical transmission	PRECISION MOTION INDUSTRIES, INC., Li-ming, Airtac, Toyo, TPI, Goldenware, CKD, MIKI PULLEY, SHIMPO, NABTESCO, HARMONIC, Helical, INTORQ, LENZE, Monninghoff, ATLANTA, ETP, Duplomatic	Good
Automation control	Delta Electronics, ABB, EPSON, Panasonic, LENZE, Magnescale, PATLITE, CCS, ELMO, Techman TM Collaborative Robotics, HIKROBOT (Vision), Innodisk, DFI, NEXCOM, Akribis, PBA	Good
Sales of semiconductor optoelectronic equipment and consumables and equipment maintenance	ams OSRAM, KLS, Dastex, R2D, n-seisen, TID, CMC, Baikowski, IF	Good
Energy management products (energy saving/storage/energy creation)	Eaton, Voltronic Power, CyberPower	Good

4. List of the main suppliers and customers in the past two years

(1) The suppliers accounted for more than 10% of total shipments in any of the last two years, and the amounts and percentages

Unit: NT$ 1,000

Item	2021				2022			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases(%)	Relationship with the issuer
1	A	1,057,431	33.98	None	A	636,315	20.88	None
2	B	390,785	12.56	None	B	339,557	11.14	None
3	others	1,663,973	53.46	-	others	2,071,858	67.98	-
total	Net purchases	3,112,189	100.00	-	Net purchases	3,047,730	100.00	-

Reasons for changes: No major changes in the last two years

(2) The customers accounted for more than 10% of the total sales in any of the last two years and their sales amounts and ratios: The sales sources are diversified, and there has not been any exceeding 10% of the total sales in the last two years.

5. Table of production value for the last two years

The Company is mainly an agent of automatic mechanical and electrical parts and components, and does not produce itself, so it is not applicable.

6. An indication of the volume of units sold for the 2 most recent fiscal years

Unit: NT$ 1,000

Year / Main products	2021				2022			
	Domestic sales (Note 2)		Export sales		Domestic sales (Note 2)		Export sales	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Mechanical transmission	-	307,518	-	1,154,303	-	256,642	-	910,927
Automation control	-	1,301,696	-	782,184	-	1,025,175	-	667,478
Sales and services of semiconductor equipment material	-	-	-	-	-	302,871	-	245,709
Energy management products	-	107,812	-	-	-	93,296	-	256,336
Others	-	3,503	-	1,688	-	3,556	-	431
Total	-	1,720,529	-	1,938,175	-	1,681,540	-	2,080,881

Note 1: Since the units of each major product are different and so is the price and added value, the sales quantities are not shown.
Note 2: Domestic sales refer to that in Taiwan.

(III) Employee Information

Year		2021	2022	As of March 31, 2023 (Note1)
Number of employees	Technical employees	16	17	17
	General employees	293	351	358
	Total	309	368	375
Average Age		40.3	40.41	40.59
Average Service Year		9.9	10.05	9.87
Educational distribution ratio (%)	Director of Philosophy	0	0.3	0.3
	Master's Degree	7.5	10.3	11.7
	Bachelor's Degree	62.1	66.8	65.9
	Senior high school	30.1	22.3	21.8
	Senior high school below	0.3	0.3	0.3

Note 1: As of April 10, 2023 (the Printed Date) and for the concerns of accuracy, the last date of available information is March 31, 2023.

(IV) Environmental Protection Expenditures

1. For the most recent year and up to the date of printing of the annual report, the losses caused by pollution (including compensation and audit results for violations of environmental regulations, with the date of the sanction, the name, the text of the violation, the content, and the sanction shall be recorded), and the current and possible future estimated amounts and measures to cope with them shall be disclosed, and if they cannot be reasonably estimated, the facts shall be interpreted: None.

(V) Labor-Management Relations

I. Employee welfares, training, retirement and implementation, as well as the agreements between employers and employees and measures to protect the rights and interests of employees

(1) Employee welfare measures

The Company emphasizes a people-oriented approach and always cares about its employees and values their welfare. In order to protect the physical and mental health of our employees and to enable them to work happily, we have established an Employee Welfare Committee to plan and implement employee welfare, with the following main measures:

A. The company provides Universal health insurance, labor insurance, labor pension fund, contribution to back wages advancement fund, contribution to occupational accident insurance, employee stock ownership trust, breast milk collection room and on-site health care system, and regular medical visits and consultation by professional doctors and nurses.

B. The company offers: Annual and performance bonuses, employee profit sharing, group insurance and health checkups, employee snack bar, coffee and beverages, and employee advanced study programs.

C. Welfare committee planning: Annual travel subsidy, creative activities, such as walking tofitness, singing contest, tree planting day green carnival, family day and year-end party, etc. The welfare committee also provides: Birthday gifts and gifts for Labor Day, Dragon Boat Festival, Mid-Autumn Festival, Spring Festival, etc., education scholarships for employees' children, wedding gifts for employees, childbirth subsidies, bereavement, emergency relief and retirement congratulation gifts.

(2) Training

The Company places great importance on staff training and development, providing comprehensive training and investing sufficient resources in planning and providing relevant training courses.

A. Pre-employment training (organizational awareness/professional skills): The company plans a complete training and orientation program for new recruits. The human resources department guides new recruits to understand the management philosophy and corporate culture, the organizational system, the job descriptions of each department and the mandatory environmental safety and health courses on policy, in addition to dedicated personnel from each department to assist new recruits to familiarize themselves with the business and job as soon as possible and to adapt to the company culture.

B. On-the-job training (professional skills / foreign language / business management): The company not only devotes to training and development, but also expands diversified channels, so that employees can learn through independent ways and participate in internal and external professional training courses, absorb new knowledge from outside to enhance work-related language skills. We have established a foreign language training and certification subsidy scheme and an EMBA training subsidy scheme. Continuous and enhanced training over the long term to bring out the best in people, enable them to perform their duties and enhance their effectiveness.

C. Management training courses: Management development training is planned according to the required management skills and responsibilities, including junior, middle and senior supervisory training, to help supervisors refine and develop their leadership and management skills.

D. We have introduced the Continuous Improvement Program (CIP) to provide employees with the concepts and tools for improvement. Through a series of course design and CIP projects, we help our staff to transfer their knowledge and skills into the actual workflow.

Employee have always been an important asset, and we continue to invest more in developing them to grow with us, and we continue to invest more in developing them as we grow with them. The company will continue to develop multiple training channels, such as more effective and flexible online resources, professional learning sharing platform and diversified external resources, to assist employees to apply to practice.

(3) Retirement system

The retirement management system is based on the Labor Pension Act (Updated). On June 30, 2005, the base date was agreed by both parties and all employees were retired upon settlement of all employees' annual wages in accordance with the Labor Pension Act and the Labor Standards Law. Since July 1, 2005, all employees have opted for the new system, under which the Company contributes monthly at 6% of the monthly insured salary to a personal pension account, while foreign subsidiaries contribute to the pension fund in accordance with local laws and regulations.

(4) Work environment and employee safety protection measures

The company attaches great importance to the working environment and employee safety, and hopes to fulfill its social responsibility and move toward sustainability while achieving success. With regard to the work environment and employee safety protection measures, in addition to the relevant domestic laws and regulations, relevant management methods are as follows: We follow the emergency notification procedures and occupational safety and health management rules and plans, and implement them accordingly, including work environment monitoring, safety and health inspections and audits, work safety analysis, safety and health education and training, etc., so as to enhance the work environment and safety and health performance and ensure continuous improvement.

(5) Agreement between employers and employees

The company provides channels for employees to fully express their opinions and problems, such as regular labor-management meetings, employee welfare committee meetings and other two-way meetings to communicate policies and opinions, so as to collect understanding and solve their problems, and under the mechanism of joint participation and adequate communication, relations develop harmoniously. Any new or revised measures concerning both employers and employees are finalized after thorough communication, and therefore no disputes arise.

2. For the last two years and up to the printing date of the annual report, the losses due to labor disputes and the estimated amount of current and potential future losses and measures are disclosed, and if they cannot be reasonably estimated, the facts that they cannot be reasonably estimated are stated as follows: None.

(VI) Cyber security management:

1. Safety Risk Management Framework, Safety Policy, Specific Management Plan and Resources Committed to Safety Management

   (1) Risk management framework: The Company has an "Information Security Policy" for information security control and includes information security inspection in the annual audit. The Information Department is responsible for leading and planning, formulating information security management policies, and all relevant units cooperate to ensure it operate normally and is regularly reviewed and amended.

   (2) Information Security Policy: To ensure the confidentiality of information assets (hardware, software, data, documents, etc. related to information processing) free from internal and external intentional or accidental threats, in order to protect the privacy of employees, suppliers and customers.

   (3) Specific Management Plan

   A. Important information systems or equipment should have appropriate backups to maintain availability.

   B. Anti-virus software should be installed on employees' personal computers and virus code updates should be checked regularly, and the use of unauthorized software should be prohibited.

   C. Employee accounts, passwords, and privileges should be kept and used with due diligence and changed regularly.

   D. Simulate information security attacks and arrange for relevant personnel to participate in drills to ensure that emergency procedures can be activated to reduce the company's losses.

   (4) Invest in resources for information security management

   A. Build next-generation firewall with intelligent protection mechanism to detect network and application layer attacks and with traditional functions such as passive black and white list protection/traffic control/real-time monitoring of general firewall.

   B. The current mail system is Microsoft Exchange On Line, which uses Microsoft's existing protection policy and can set its own black and white lists and related mail policies to effectively prevent opening malicious emails by mistake.

   C. In addition, important files and internal hosts and areas are controlled by privileges to prevent malware from manipulating important hosts and tampering with important files.

   D. In the event of a major breach or damage, the server side can be brought online and operated as quickly as possible through offsite backup files, while the user side can be made more aware of information security and is advised to keep a copy of important information and files on hand for quick recovery in the event of system damage.

2. Indicate the losses suffered, the likely impact and the measures taken to respond to major information and communications security incidents in the most recent year and up to the date of printing of the annual report, and, if not reasonably estimable, the facts shall be as follows: None.

(VII) Material Contracts

1. As of the date of the annual report, the significant long-term loan contracts and technical cooperation contracts still in effect and expired in the most recent year are listed below:

Nature of Contracts	Parties	Date of commencement and expiration	Main Contents	Restrictions
Agency Agreement	ATLANTA Zahnrad&Werkzeugfabrik	1999/4/28 to 4 months' notice by either party before the termination date	Distributorship of goods	None
Distribution Contract	Miki Pulley Co,Ltd	1 year from 2018/10/1, automatically renewed for 1 year if both parties do not give 3 months' notice before expiration		
Agency Agreement	PATLITE Corporation	1 year from 2012/1/1, automatically renewed for 1 year if both parties do not give 3 months' notice before the expiration date		
Agency Agreement	Magnescale Co.,Ltd.	From 2012/4/1 until either party notifies the other in writing of the termination of the contract		
Distribution Contract	CKD (Taiwan)	5 years from 2018/7/18		
Agency Agreement	ETP Transmission AB	From 2014/3/28 to 12 months' notice by either party prior to termination date		
Agency Agreement	CCS Inc.,	From 2014/11/1 to 2 months' notice by either party before the termination date		
Agency Agreement	Li-ming Machinery (Co., Ltd.)	2020/1/1~2025/1/1		
Agency Agreement	Epson Technology (Taiwan) Co., Ltd.	2022/4/1~2023/3/31		
Agency Agreement	Delta Electronics Industrial Co., Ltd.	2023/1/1~2023/12/31, unless both parties agree to renew the contract in writing, it will be automatically terminated upon expiration.		
Distribution Contract	Lenze GmbH & Co KG	2022/5/1~2023/4/30		
Agency Agreement	Techman Robot Inc.	2022/7/12~2023/7/11		

VI.Financial Highlights

(I) Condensed Balance Sheet and Statement of Comprehensive Income for the most recent five years

1. Condensed Consolidated Balance Sheet

Unit: NT$ 1,000

Item \ Year		Financial data for the most recent five years (Note 1)				
		2018	2019	2020	2021(Note2)	2022
Current Assets		2,644,446	2,465,172	2,260,104	2,681,399	2,359,687
Property, plant and equipment		436,320	421,156	411,767	373,454	666,613
Intangible assets		0	0	0	4,167	196,471
Other Assets		71,472	112,880	88,109	75,842	95,495
Total Assets		3,152,238	2,999,208	2,759,980	3,134,862	3,318,266
Current Liabilities	Before distribution	1,437,648	1,008,552	714,296	974,694	955,535
	After distribution	1,482,260	1,042,220	781,646	1,075,720	1,011,660 (Note 3)
Non-current liabilities		121,145	66,180	75,269	82,604	225,222
Total Liabilities	Before distribution	1,558,793	1,074,732	789,565	1,057,298	1,180,757
	After distribution	1,603,405	1,108,400	856,915	1,158,324	1,236,882 (Note 3)
Total equity attributable to shareholders of the Company		1,593,445	1,924,476	1,970,415	2,053,094	2,048,171
Common stock		892,255	1,122,255	1,122,505	1,122,505	1,122,505
Capital surplus		84,792	314,792	315,077	315,077	312,233
Retained earnings	Before distribution	633,758	515,329	591,473	672,018	649,360
	After distribution	589,146	481,661	524,123	570,992	593,235 (Note 3)
Other equity		-17,360	-27,900	-58,640	-56,506	-35,927
Treasury stock		0	0	0	0	0
Equity attributable to former owner of business combination under common control		0	0	0	20,310	0
Non-controlling interests		0	0	0	4,160	89,338
Total Equity	Before distribution	1,593,445	1,924,476	1,970,415	2,077,564	2,137,509
	After distribution	1,548,833	1,890,808	1,903,065	1,976,538	2,081,384 (Note 3))

Note1: The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2023 that was verified by CPAs as of the printing date of this Annual Report.

Note2: The copmany acquired 100% equity of ACE Energy Co., Ltd., in 2022,the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The company and its subsidiaries restated the consolidated financial statements for the year ended December 31, 2021.

Note3: The proposal for the distribution of 2022 earnings was approved by the board of directors on March 1, 2023.

2. Condensed Consolidated Statement of Comprehensive Income

Unit: NT$ 1,000

Item \ Year	Financial data for the most recent five years (Note 1)				
	2018	2019	2020	2021(Note 2)	2022
Revenue	3,666,125	2,915,755	2,754,448	3,658,704	3,762,421
Gross profit	678,088	405,487	480,381	658,342	739,227
Operating income	196,578	-73,586	125,189	190,021	95,726
Non operating income and loss	-21,419	-14,557	-16,044	972	32,897
Income before income tax	175,159	-88,143	109,145	190,993	128,623
Profit from continuing operations for the year	113,771	-73,817	87,180	149,851	97,574
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	113,771	-73,817	87,180	149,851	97,574
Other comprehensive income (loss), net of taxes	-10,517	-10,540	-8,108	2,134	21,256
Total comprehensive income (loss) for the year	103,254	-84,357	79,072	151,985	118,830
Net income attributable to Shareholders of the Company	113,771	-73,817	87,180	147,895	78,953
Net income attributable to Former owner of business combination under common control	0	0	0	1,623	3,394
Net income attributable to non-controlling interests	0	0	0	333	15,227
Total Comprehensive income attributable to Shareholders of the Company	103,254	-84,357	79,072	150,029	99,532
Total comprehensive income attributable to Former owner of business combination under common control	0	0	0	1,623	3,394
Total comprehensive income attributable to non-controlling interests	0	0	0	333	15,904
Earnings Per Share (EPS)	1.28	-0.78	0.78	1.32	0.70

Note1:The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2023 that was verified by CPAs as of the printing date of this Annual Report.

Note2:The copmany acquired 100% equity of ACE Energy Co., Ltd., in 2022,the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The company and its subsidiaries restated the consolidated financial statements for the year ended December 31, 2021.

3. Condensed Parent Company Only Balance Sheet

Unit: NT$ 1,000

Item / Year		Financial data for the most recent five years (Note 1)				
		2018	2019	2020	2021(Note2)	2022
Current Assets		1,300,977	1,383,158	1,435,215	1,399,017	898,061
Property, plant and equipment		131,327	127,493	126,436	311,265	382,537
Intangible assets		-	-	-	4,167	10,263
Other Assets		927,027	717,942	742,173	834,572	1,153,450
Total Assets		2,359,331	2,228,593	2,303,824	2,549,021	2,444,311
Current Liabilities	Before distribution	644,741	251,838	267,509	398,403	212,264
	After distribution	689,353	285,506	334,859	499,429	268,389 (Note 3)
Non-current liabilities		121,145	52,279	65,900	77,214	183,876
Total Liabilities	Before distribution	765,886	304,117	333,409	475,617	396,140
	After distribution	810,498	337,785	400,759	576,643	452,265 (Note 3)
Total equity attributable to shareholders of the Company		1,593,445	1,924,476	1,970,415	2,053,094	2,048,171
Common stock		892,255	1,122,255	1,122,505	1,122,505	1,122,505
Capital surplus		84,792	314,792	315,077	315,077	312,233
Retained earnings	Before distribution	633,758	515,329	591,473	672,018	649,360
	After distribution	589,146	548,997	524,123	570,992	593,235 (Note 3)
Other equity		-17,360	-27,900	-58,640	-56,506	-35,927
Treasury stock		-	-	-	-	-
Equity attributable to former owner of business combination under common control		-	-	-	20,310	-
Non-controlling interests		-	-	-	-	-
Total Equity	Before distribution	1,593,445	1,924,476	1,970,415	2,073,404	2,048,171
	After distribution	1,548,833	1,890,808	1,903,065	1,972,378	1,992,046 (Note 3)

Note1:The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2023 that was verified by CPAs as of the printing date of this Annual Report.

Note2:The copmany acquired 100% equity of ACE Energy Co., Ltd., in 2022,the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The company and its subsidiaries restated the parent-company-only financial statements for the year ended December 31, 2021.

Note3:The proposal for the distribution of 2022 earnings was approved by the board of directors on March 1, 2023.

4. Condensed Parent Company Only Comprehensive Income

Unit: NT$ 1,000

Item \ Year	Financial data for the most recent five years (Note 1)				
	2018	2019	2020	2021(Note 2)	2022
Revenue	1,824,278	1,515,362	1,357,780	1,626,561	1,296,748
Gross profit	343,613	289,204	267,335	330,017	271,939
Operating income	153,546	117,497	87,405	120,848	61,361
Non operating income and loss	17,112	-205,798	20,296	66,144	31,501
Income before income tax	170,658	-88,301	107,701	186,992	92,862
Profit from continuing operations for the year	113,771	-73,817	87,180	149,518	82,347
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	113,771	-73,817	87,180	149,518	82,347
Other comprehensive income (loss), net of taxes	-10,517	-10,540	-8,108	2,134	20,579
Total comprehensive income (loss) for the year	103,254	-84,357	79,072	151,652	102,926
Net income attributable to Shareholders of the Company	113,771	-73,817	87,180	147,895	78,953
Net income attributable to Former owner of business combination under common control	0	0	0	1,623	3,394
Total Comprehensive income attributable to Shareholders of the Company	103,254	-84,357	79,072	150,029	99,532
Total comprehensive income attributable to Former owner of business combination under common control	0	0	0	1,623	3,394
Earnings Per Share (EPS)	1.28	-0.78	0.78	1.32	0.70

Note1:The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2023 that was verified by CPAs as of the printing date of this Annual Report.

Note2:The copmany acquired 100% equity of ACE Energy Co., Ltd., in 2022,the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The company and its subsidiaries restated the parent-company-only financial statements for the year ended December 31, 2021.

5. The names of CPA and their opinions for the most recent five years.

Year	2018	2019	2020	2021	2022
CPA	Wei-Ming Shih	Wei-Ming Shih	Wei-Ming Shih	Wei-Ming Shih	Wei-Ming Shih
CPA	Ching-Wen Kao	Mei Yen Chen	Mei Yen Chen	Mei Yen Chen	Mei Yen Chen
Opinion and content	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

(II) Financial analysis for the most recent five years

1. International Financial Reporting Standards - Consolidated Financial Analysis

Item analyzed	Year	Financial analysis for the most recent five years (Note 1)				
		2018	2019	2020	2021(Note 2)	2022
Financial structure	Ratio of debts to assets (%)	49.45	35.83	28.61	33.73	35.58
	Ratio of long-term capital to property, plant and equipment (%)	392.97	472.66	496.81	578.43	354.44
Solvency	Current ratio (%)	183.49	244.43	316.41	275.10	246.95
	Quick ratio (%)	129.99	185.34	251.71	202.99	148.95
	Interest coverage ratio	14.96	-4.38	13.04	41.37	15.72
Operating ability	Receivables turnover rate (times)	3.10	3.04	3.21	3.63	3.67
	Average collection days for receivables	117.74	120.07	113.71	100.55	99.46
	Inventory turnover rate (times)	4.58	3.83	4.38	5.37	3.87
	Payable turnover rate (times)	3.91	4.30	5.35	6.17	6.24
	Average days for sales	79.69	95.30	83.33	67.97	94.32
	Property, plant and equipment turnover rate (times)	8.38	6.80	6.61	9.32	7.23
	Total asset turnover rate (times)	1.17	0.95	0.96	1.24	1.17
Profitability	Return on assets (%)	3.94	-1.98	3.28	5.21	3.24
	Return on equity (%)	7.3	-4.2	4.48	7.40	4.63
	Ratio of profit before income tax to paid-in capital (%)	19.63	-7.85	9.72	17.01	11.46
	Profit margin(%)	3.1	-2.53	3.17	4.10	2.59
	Earnings per share (NT$)	1.28	-0.78	0.78	1.32	0.70
Cash flow	Cash flow ratio (%)	4.78	11.02	15.05	1.43	-0.14
	Cash flow adequacy ratio (%)	85.98	227.39	92.94	65.87	37.38
	Cash flow reinvestment ratio (%)	1.32	3.21	3.43	-2.17	-4.14
Leveraging	Operating leverage	1.26	0.46	1.27	1.19	1.53
	Financial leverage	1.07	0.82	1.08	1.02	1.10

Reasons for changes in financial ratios in the most recent two yers:

1. The decrease in quick ratio was mainly due to the decrease in current assets in 2022.
2. The decrease in interest coverage ratio was mainly due to the decrease in Income before income tax in 2022.
3. The decrease in Inventory turnover rate and increase Average days for sales was due to the COVID-19 pandemic in 2022 impacted customer production speed, resulting in a slowdown in shipment and an increase in inventory amount.
4. The decrease in Ratio of long-term capital to property, plant and equipment and Property, plant and equipment turnover rate was due to for the year ended December 31, 2022, under the impact of Covid 19 pandemic and the overall economic environment, the management assessed that the assets no longer meet the criteria of classification of assets as held for sale. Therefore, the asset was reclassified to property, plant and equipment and right of use assets.
5. The decrease in profitability-related financial ratios was mainly due to the decrease in profits in 2022 compared to the previous period.
6. The decrease in cash flow related financial ratios was mainly due to the cash outflow from operating activities in 2022.

2. International Financial Reporting Standards– Parent Company Only Financial Analysis

Item analyzed	Year	Financial analysis for the most recent five years (Note 1)				
		2018	2019	2020	2021(Note 2)	2022
Financial structure	Ratio of debts to assets (%)	32.46	13.65	14.47	18.66	16.21
	Ratio of long-term capital to property, plant and equipment (%)	1305.59	1550.48	1610.55	690.93	583.49
Solvency	Current ratio (%)	201.78	549.23	536.51	351.16	423.09
	Quick ratio (%)	174.29	498.21	482.94	272.35	292.68
	Interest coverage ratio	56.83	-43.28	509.03	854.84	77.14
Operating ability	Receivables turnover rate (times)	2.94	3.04	3.52	3.72	3.35
	Average collection days for receivables	124.15	120.07	103.69	98.12	108.96
	Inventory turnover rate (times)	7.99	8.20	8.21	5.80	3.54
	Payable turnover rate (times)	3.84	4.53	5.89	4.96	4.47
	Average days for sales	45.68	44.51	44.46	62.93	103.11
	Property, plant and equipment turnover rate (times)	13.71	11.71	10.69	7.43	3.74
	Total asset turnover rate (times)	0.78	0.66	0.60	0.67	0.52
Profitability	Return on assets (%)	4.94	-3.15	3.85	6.17	3.34
	Return on equity (%)	7.30	-4.20	4.48	7.39	4.00
	Ratio of profit before income tax to paid-in capital (%)	19.13	-7.87	9.59	16.66	8.27
	Profit margin(%)	6.24	-4.87	6.42	9.19	6.35
	Earnings per share (NT$)	1.28	-0.78	0.78	1.32	0.70
Cash flow	Cash flow ratio (%)	20.96	60.25	21.41	-1.47	50.69
	Cash flow adequacy ratio (%)	324.60	453.47	277.37	60.08	58.53
	Cash flow reinvestment ratio (%)	5.29	5.45	1.16	-3.41	0.30
Leveraging	Operating leverage	1.08	1.09	1.12	1.10	1.27
	Financial leverage	1.02	1.02	1.00	1.00	1.02

Reasons for changes in financial ratios in the most recent two yers:

1. The increase in current ratio was mainly due to a decrease in current assets in 2022.
2. The decrease in interest coverage ratio and profitability ratios was due to a decrease in profits in 2022.
3. The decrease in Inventory turnover rate and increase Average days for sales was due to the COVID-19 pandemic in 2022 impacted customer production speed, resulting in a slowdown in shipment and an increase in inventory amount.
4. The decrease ins Property, plant and equipment turnover rate and Total asset turnover rate was due to a decrease in revenue in 2022.
5. The increase in cash flow ratio and cash reinvestment ratio was due to cash inflows from operating activities in 2022.

Note1: The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2023 that was verified by CPAs as of the printing date of this Annual Report.

Note2: The copmany acquired 100% equity of ACE Energy Co., Ltd., in 2022,the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning.The company and its subsidiaries restated financial Analysis for the 2021.

Below are calculations:

1. Financial structure

(1) Ratio of debts to asset = Total liabilities / Total assets

(2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities

(3) Interest coverage ratio = Net income before income tax and interest expense / Interest expenses over this period.

3. Operating ability

(1) Receivable (including accounts receivable and notes receivable due to business operations) turnover rate = Net sales / Balance of average accounts receivable for various periods (including accounts receivable and notes receivable due to business operations).

(2) Average collection days for receivables = 365/Receivables turnover rate.

(3) Inventory turnover rate = Cost of goods sold/ Average inventory.

(4) Payable (including accounts payable and notes payable due to business operations) turnover rate = Cost of goods sold / Balance of average accounts payables of various periods (including accounts payable and notes payable due to business operations).

(5) Average days for sales = 365 / Inventory turnover rate.

(6) Property, plant and equipment turnover rate = Net sale/Average net property, plant and equipment.

(7) Total asset turnover rate = Net sales / Average total assets

4. Profitability

(1) Return on assets = [Net income after taxes + interest expense x (1 - tax rate)] / Average total assets

(2) Return on equity = Net income after taxes / Average total equity

(3) Profit margin = Net income after taxes / Net sales

(4) Earnings per share = (Net income attributable to shareholders of the parent company - preferred stock dividend) / Weighted average number of shares outstanding

5. Cash flow

(1) Cash flow ratio = Net cash flow of operating activities / Current liabilities.

(2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + inventory increase + cash dividend) for the most recent five years.

(3) Cash flow reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (Gross value of property, plant, and equipment + Long-term investments + Other non-current assets + working capital).

6. Leveraging

(1) Operating leverage = (Net operating revenue - variable operating cost and expenses) / Operating profit.

Financial leverage = Operating profit / (Operating profit - interest expenses).

(III) The Audit Committee's Review Report

Audit Committee′ s Review Report

The Board of Directors has prepared the Company's Financial Statements for the year of 2022. WeiMing, Shi and Mei-Yen, Chen Public Accountants of KPMG, have audited the Financial Statements. The 2022 Financial Statements, Business Report, Independent Auditors Report and the Company's 2022 Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Ace Pillar Co., Ltd. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

ACE PILLAR Co., Ltd. 2023 Annual General Shareholders′ Meeting

Chair of the Audit Committee
Liang-Yoo Lee
March 01, 2023

(IV) Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: Please refer to P.99~P.169.

(V) A parent company only financial statement for the most recent fiscal year, certified by a CPA: Please refer to P.170~P.237.

(VI) Any financial difficulties experienced by the Company and its affiliate businesses during the most recent year up to the publication date of this report need to be stated as well as the impact on the Company's financial position need to be outlined: None.

VII. Review and Analysis of Financial Position and Financial Performance, and Risk Management

(I) Financial position

Financial position analysis

Unit: NT$ 1,000

Item \ Year	2021	2022	差　異	
			金額	%
Current assets	2,681,399	2,359,687	(321,712)	-12%
Property, plant and quipment	373,454	666,613	293,159	78%
Intangible assets	4,167	196,471	192,304	4,615%
Other assets	75,842	95,495	19,653	26%
Total assets	3,134,862	3,318,266	183,404	6%
Current liabilities	974,694	955,535	(19,159)	-2%
Non current liabilities	82,604	225,222	142,618	173%
Total liabilities	1,057,298	1,180,757	123,459	12%
Common stock	1,122,505	1,122,505	-	0%
Capital surplus	315,077	312,233	(2,844)	-1%
Retained earnings	672,018	649,360	(22,658)	-3%
Other equity	(56,506)	(35,927)	20,579	-36%
Total equity attributable to shareholders of the Company	2,053,094	2,048,171	(4,923)	-0.24%
Equity attributable to former owner of business combination under common control	20,310	-	(20,310)	-100%
Non controlling interests	4,160	89,338	85,178	2,048%
Total equity	2,077,564	2,137,509	59,945	3%

Reasons for changes in proportion in the most recent two years:

1. The increase in Property, plant and quipment was due to for the year ended December 31, 2022, under the impact of Covid 19 pandemic and the overall economic environment, the management assessed that the assets no longer meet the criteria of classification of assets as held for sale. Therefore, the asset was reclassified to property, plant and equipment and right of use assets.
2. The increase in intangible assets and other assets was mainly due to investment in new subsidiaries "Standard Technology Corp."," ACE Energy Co., Ltd." And "BlueWalker GmbH" in 2022.
3. The increase in non-current liabilities was mainly due to the increase in long-term debt in 2022.
4. The increase in other equity was mainly due to the increase in Exchange differences on translation of foreign operations.
5. The increase in Equity attributable to former owner of business combination under common control was due to the copmany acquired 100% equity of ACE Energy Co., Ltd., in 2022,the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The company and its subsidiaries restated the consolidated financial statements for the year ended December 31, 2021.
6. The increase in non-controlling interests was mainly due to the acquisition of 60% equity interest in Standard Technology Corp. in 2022.

(II) Financial performance

Financial performance analysis

Unit: NT$ 1,000

Item \ Year	2021	2022	Increase (decrease) amount	Change in proportion
Net revenue	3,658,704	3,762,421	103,717	3%
Gross profit	658,342	739,227	80,885	12%
Profit from operations	190,021	95,726	-94,295	-50%
Non-operating income and expenses	972	32,897	31,925	3284%
Profit before income tax for the year	190,993	128,623	-62,370	-33%
Profit for the year	149,851	97,574	-52,277	-35%

Reasons for changes in proportion in the most recent two years:

1. The decrease in Profit from operations, Profit before income tax for the year, Profit for the year was due to the profit dereace in 2022. was mainly due to a decline in profitability in 2022.
2. Non-operating income and expenses was mainly due to the profit generated from the disposal of the office in 2022.

Note:The copmany acquired 100% equity of ACE Energy Co., Ltd., in 2022,the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The company and its subsidiaries restated the consolidated financial statements for the year ended December 31, 2021.

(III) Cash flow

1. Change in consolidated cash flow in 2022

Unit: NT$ 1,000

Cash balance at the beginning of 2022	2022 Net cash flow	Cash balance at the end of 2022
521,134	(85,039)	436,095

Unit: NT$ 1,000

	2021 年	2022 年	Increase (decrease) amount	Change in proportion
Net cash flows provided by operating activities	13,983	(1,331)	(15,314)	-109.52%
Net cash flows used in investing activities	(285,345)	(90,978)	194,367	68.12%
Net cash flows used in financing activities	(101,673)	(12,931)	88,742	87.28%

(1)The decrease in Net cash flows provided by operating activities was mainly due to a decrease in accounts payable and receivable compared to the previous year.

(2)The increase in net cash flows used in investing activities was mainly due to the sale of the previous office premises after moving into the new office.

(3) The increase in cash flows from financing activities was mainly due to an increase in long-term debt.

2. Liquidity improvement plan: The Company showed no signs of liquidity deficit.

3. Analysis of cash liquidity in the coming year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and

operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

(IV) Material expenditures of the most recent year and impact on the Company's finances and operations: None.

(V) Investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the improvement plan, and investment plans for the coming year

Our company has adopted an investment strategy in line with our business development and operational needs. Through various investment companies, we aim to capture development trends and marketing channels in different regions using their marketing and service capabilities. Our goal is to provide rapid service to local customers.In 2022, our subsidiary in China incurred losses due to the impact of the COVID-19 , while our other region's investment ventures were profitable. In the coming year, we will still focus on relevant strategies for investment in our core business and continue to prudently evaluate our investment plans in different regions.

(VI) Matters for Analysis and Assessment for Risks

1. The impact of interest rates, exchange rates changes and inflation on the Company's profits and losses and future countermeasures

The Group′ s bank loans carried floating interest rates. To manage the interest rate risk, the Group periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Group also strengthens the management of working capital to reduce the dependence on bank loans, as well as the risk arising from fluctuation of interest rates.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre tax income for the years ended December 31, 2022 and 2021 would have been $3,299 and $877, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

The Group is exposed to foreign currency risk on sales, purchases and bank loans that are denominated in a currency other than the respective functional currency of the Group′ s entities.As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2022 and 2021, the aggregate of realized and unrealized foreign exchange gains were $8,174 and $1,046, respectively.

In recent years, there has been a stable increase in prices, and our company will closely monitor the inflation situation. We will adjust our product prices and inventory levels appropriately to reduce the impact of inflation on our company.

2. The main reasons for the high-risk, high-leveraged investment, capital loan, guarantee/endorsement and derivative commodity trading, and the profits or losses and future countermeasures.

(1) The Company does not engage in high-risk, highly leveraged investments or speculative trading of derivative commodities as a risk-averse strategy.

(2) Both the Company and its subsidiaries follow the Fund Lending Procedure and the Endorsement and

Guarantee Procedure to lend funds to others and endorse guarantees, which are mainly between parent and subsidiary companies, with no adverse impact on the Company's financial position.

3. R&D expenses for future R&D projects and investment amount.

The Group is mainly engaged in the automation of electromechanical components and professional automation technology services. It is expected to mainly invest in research and development, salaries of application technicians and related expenses.

4. The impact of important policies and legal regulations changes at domestice and abroad on the Company's financial status and the countermeasures

The Company operates in accordance with the law and has had no significant domestic or international policy or legal changes that have affected its financial operations in recent years or to date.

5. The impact of technological (including cyber security risk) and industrial changes on the Company's financial business and the countermeasures

The Company keeps abreast of technology and application trends and is committed to developing and distributing new product lines. The Company keeps an eye on technology, suppliers and customer trends and has not been adversely affected by technological changes to date.

6. The impact of corporate image changes on corporate crisis management and the countermeasures

No significant impact on the corporate image has occurred in the recent year or as of the date of the annual report.

7. Expected benefits and possible risks of M&A and the countermeasures: Not applicable.

8. Expected benefits and possible risks of the expansion of factory and the countermeasures: The Company has no significant need for plant expansion in the near future.

9. Risk of procurement and sales concentration, and countermeasures

The Group has no risk of concentration of imports as it is concentrated in certain suppliers, with whom the Group has a close long-term relationship. As for sales, there is no customer with sales of over 10% of total in FY2022, so there is no risk of concentration of sales.

10. The impact and risk of a substantial transfer or replacement of equities by Directors, Supervisors or Shareholders holding more than 10% of the toal shares： There was no significant transfer of shareholdings among the directors, supervisors and major shareholders holding over 10% shares in the recent year and as of the date of the annual report.

11. Impact of changes in management on the Company and risks: None.

12. Disclosure of disputed contents, amounts of the subject matters, commencement dates of the proceedings, parties involved in the proceedings of litigation or non-litigation events, major closed or ongoing lawsuits and litigation or non-litigation events invloving the Company and its Directors, Supervisors, General Managers, Substantive Persons–in Charge, major shareholders holding more than 10% of total shares and affiliates/subsidiaries with results of which may have a material impact on the shareholders' equity or the price of the securities, and the actual results as of the printing date of this Annual Report: None.

13. Other i mportant risks and countermeasures: None.

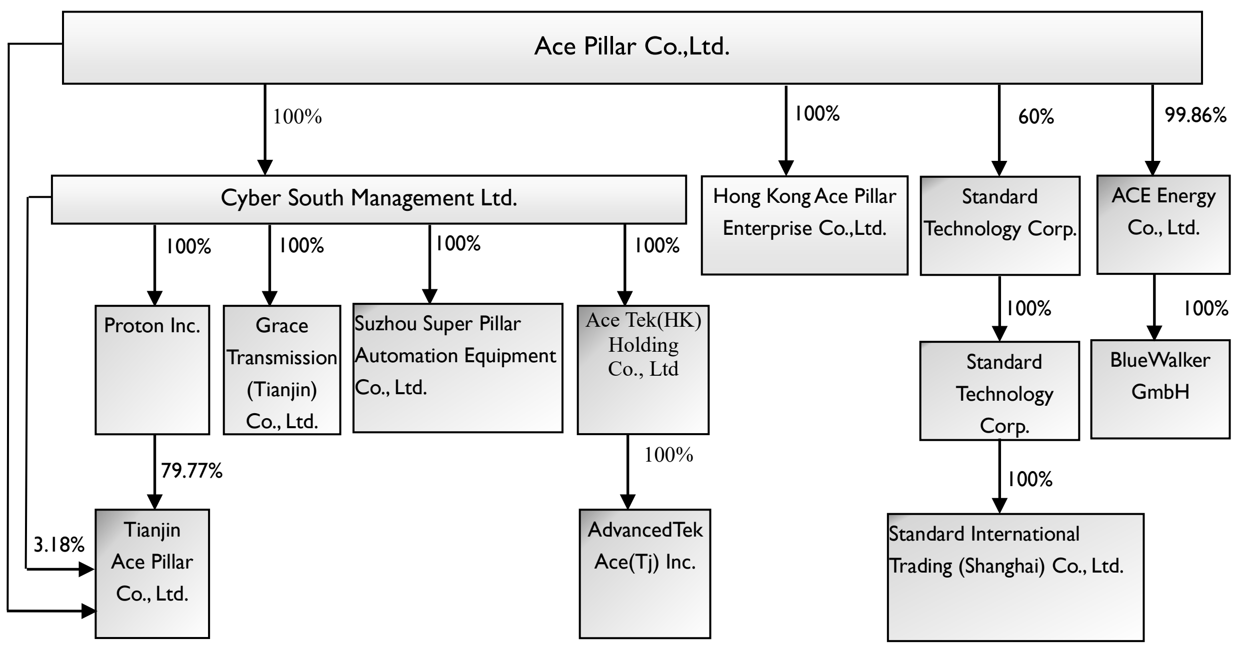
(VII) Other material matters: None.

VIII.Special Notes

(I) Information about affiliates

1. Consolidated business report of the affiliated enterprises

(1) Organization chart of affiliates



(2) Basic information of affiliates

December 31, 2022; Unit:NT$1,000

Name of business	Date of incorporation	Address	Paid-in Capital	Main Activities
Ace Pillar Co., Ltd.	1984.03.31	25F., No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City	NTD1,122,505	Sales of automation mechanical transmission system and component
Tianjin Ace Pillar Co., Ltd.	1993.04.28	No.3 West 10 Avenue, Tianjin Airport Economic Area Tianjin,China.	USD34,175	Sales of automation mechanical transmission system and component
Grace Transmission (Tianjin) Co., Ltd.	1995.12.13	No.3 West 10 Avenue, Tianjin Airport Economic Area Tianjin,China.	RMB1,666	Manufacture of automation mechanical transmission system and component
Cyber South Management Ltd.	2001.05.28	Vistra Corporate Services Centre,Ground Floor NPF Building,Beach Road, Apia,Samoa	USD4,669	Investment and holding activity
Proton Inc.	2002.07.15	Portcullis Chambers, P.O. Box 1225,Apia, Samoa	USD17,744	Investment and holding activity
Hong Kong Ace Pillar Enterprise Co.,Ltd.	2004.02.25	Unit 06, G/F, The Lodge, 535 Canton Road, Yaumatei, Kowloon, Hong Kong	HKD1,200	Sales of automation mechanical transmission system and component
Ace Tek(HK) Holding Co., Ltd.	2008.09.01	Room 1501,15/F.,Capital Centre, 151 Gloucester Road,Wan Chai,Hong Kong	USD150	Investment and holding activity
AdvancedTek Ace(Tj) Inc.	2009.07.16	No.3 West 10 Avenue,Tianjin Airport Economic Area Tianjin,China.	USD300	Electronic system integration
Suzhou Super Pillar Automation Equipment Co., Ltd.	2011.03.07	No. 169, the Zhujiang Road, Huqiu District, Suzhou City, Jiangsu Province (the third floor of S2 Factory)	USD1,450	Manufacture of automation mechanical transmission system and component
Standard Technology Corp.	1988.2.12	3F.-1, No. 47, Ln. 2, Sec. 2, Guangfu Rd., East Dist., Hsinchu City	NTD78,000	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair
Standard Technology Corp.	1999.7.14	Plam Grove House, P.O. Box 438, Road Town,Tortola, British Virgin Islands	USD600	Investment and holding activity
Standard International Trading (Shanghai) Co., Ltd.	2002.10.25	Room 806B,118 Xinling Road,China (Shanghai) pilot Free Trade Zone.	USD480	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair
ACE Energy Co., Ltd.	2013.01.25	25F., No. 556, Zhongyuan Rd., Xinzhuang Dist., New Taipei City	NTD50,000	Service of energy technology
BlueWalker GmbH	2004.08.04	Hellersbergstraße 6, 41460 Neuss, Germany	EUR1,000	Sales and service of energy management products

(3) Presumed to be the same shareholder for those with relations of control and affiliation: None.

(4) Overall business covered by the affiliates and subsidiaries, and the interaction and division of labor: ：Please refer to the (2)Basic information of affiliates.

(5) Directors, supervisors, and presidents of affiliates

2023.4.10 Unit: Share

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
Tianjin Ace Pillar Co., Ltd.	Chairman Director Director&President Supervisor	Wen-Deh Chen(Ace Pillar Co., Ltd.) Shih-Tth Lin(Ace Pillar Co., Ltd.) Xian-Ming Lin (Ace Pillar Co., Ltd.) Kuo-Mei Chen (Ace Pillar Co., Ltd.)	(Note)	100%
Grace Transmission (Tianjin) Co., Ltd.	Chairman Director&President Director	Chih-Chen Lin(Cyber South) Wen-Deh Chen (Cyber South) Shih-Tth Lin(Cyber South)	(Note)	100%
Cyber South Management Ltd.	Director Director	Chang-Chien Li(Ace Pillar Co., Ltd.) Kuo-Mei Chen (Ace Pillar Co., Ltd.)	USD4,668,718	100%
Proton Inc.	Director Director	Chang-Chien Li(Ace Pillar Co., Ltd.) Kuo-Mei Chen (Ace Pillar Co., Ltd.)	USD17,743,601	100%
Hong Kong Ace Pillar Enterprise Co.,Ltd.	Director Director	Chih-Chen Lin (Ace Pillar Co., Ltd.) Wen-Deh Chen(Ace Pillar Co., Ltd.)	HKD1,200,000	100%
Ace Tek(HK) Holding Co., Ltd.	Director Director	Chang-Chien Li(Ace Pillar Co., Ltd.) Kuo-Mei Chen (Ace Pillar Co., Ltd.)	USD150,000	100%
AdvancedTek Ace(Tj) Inc.	Chairman&President Director Director Supervisor	Wen-Deh Chen (Ace Tek(HK)) Chih-Chen Lin (Ace Tek(HK)) Shih-Tth Lin(Ace Tek(HK)) Kuo-Mei Chen (Ace Tek(HK))	(Note)	100%
Suzhou Super Pillar Automation Equipment Co., Ltd.	Chairman Director Director&President Supervisor	Chang-Chien Li (Cyber South) Chih-Chen Lin (Cyber South) Xian-Ming Lin (Cyber South) Kuo-Mei Chen (Cyber South)	(Note)	100%
ACE Energy Co., Ltd.	Chairman Director&President Director Supervisor	Chang-Chien Li(Ace Pillar Co., Ltd.) Chia-Liang Chia (Ace Pillar Co., Ltd.) Liang-Kuo Wang(Ace Pillar Co., Ltd.) Kuo-Mei Chen	4,993,000	99.86%
BlueWalker GmbH	Managing Director	Zer-Ran Tong, Chia-Liang Chia	(Note)	100%
Standard Technology Corp.	Chairman Vice Chairman Director&President Director Director Supervisor	Wan-I Lin(Ace Pillar Co., Ltd.) Chang-Chien Li(Ace Pillar Co., Ltd.) Guo-Rung Chen(Ace Pillar Co., Ltd.) Liang-Kuo Wang(Ace Pillar Co., Ltd.) Chia-Pin Wang(Hong-Hui Investment Co., Ltd.) Kuo-Mei Chen	4,680,000	60%
Standard Technology Corp.	Director	Wan-I Lin	USD600,000	100%
Standard International Trading (Shanghai) Co., Ltd.	Chairman	Wan-I Lin	(Note)	100%

Note：The company is structured as a limited company.

(6) Overview of affiliates' operations:

December 31, 2022; Unit: NT$1,000

Name of business	Capital	Total assets	Total liabilities	Net assets	Revenue	Profit from operations	Profit or loss for the year (After income tax)	Earnings per share (dollar; after income tax)
Cyber South Managemen Ltd.	USD4,669	615,070	33,178	581,892	-	(43)	(56,336)	-
Tianjin Ace Pillar Co., Ltd.	USD35,297	1,120,181	575,071	545,110	1,170,257	(51,302)	(74,508)	-
Hong Kong Ace Pillar Enterprise Co.,Ltd.	HKD1,200	47,737	401	47,336	69,197	4,002	3,068	-
Proton Inc.	USD17,744	459,880	-	459,880	-	(39)	(61,249)	-
Ace Tek(HK) Holding Co., Ltd.	USD150	2,176	-	2,176	-	-	2,787	-
Suzhou Super Pillar Automation Equipment Co., Ltd.	USD1,450	188,595	80,740	107,855	338,598	12,518	7,917	-
Grace Transmission (Tianjin) Co., Ltd.	RMB1,666	4,163	-	4,163	249	(2,847)	(2,951)	-
AdvancedTek Ace(Tj) Inc.	USD300	15,247	13,098	2,149	375,166	2,662	2,787	-
Xuchang Ace AI Equipment Co., Ltd.	USD300	-	-	-	-	(128)	(75)	-
Standard Technology Corp.	NTD 78,000	288,405	120,378	168,027	390,583	30,772	45,262	-
Standard Technology Corp.	USD600	114,895	-	114,895	-	-	19,354	-
Standard International Trading (Shanghai) Co., Ltd.	USD480	176,573	65,007	111,566	280,856	21,934	21,485	-
ACE Energy Co., Ltd.	NTD 50,000	222,866	47,536	175,330	93,295	8,879	10,350	-
BlueWalker GmbH	EUR1,000	194,319	87,566	106,753	334,229	25,859	15,769	-

2. Consolidated financial statements of the affiliated enterprises: Not applicable. please refer to Representation Letter P.99。

3. Report of affiliated companies：Not applicable.

(II) Privately placed securities handling status in the most recent year up to the publication date of this Annual Report: None

(III) Holding or disposition of the Company shares by subsidiaries in the most recent year up to the publication date of this Annual Report: None.

(IV) Other items that must be included: None.

(V) Any event that results in substantial impact on the shareholders′ equity or prices of the Company′ s securities as prescribed by Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act that have occurred in the most recent year up to the publication date of this Annual Report: None.

Representation Letter

The entities that are required to be included in the combined financial statements of Ace Pillar Co., Ltd. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Ace Pillar Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Ace Pillar Co., Ltd.
Chang-Hong Lee
Chairman
March 1, 2023

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Ace Pillar Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021 (restated), the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ace Pillar Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021 (restated), and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Ace Pillar Co., Ltd. and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

As stated in note 4(c), Ace Pillar Co., Ltd. acquired 100% equity ownership of Qisda Corporation's subsidiary, ACE Energy Co., Ltd., by cash on July 1, 2022. Pursuant to the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. Ace Pillar Co., Ltd. and its subsidiaries restated the consolidated financial statements for the year ended December 31, 2021, accordingly. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements for the year ended December 31, 2022 are stated as follows:

1. Business combinations

   Refer to Note 4(q) for accounting policy on business combinations and Note 6(i) for related disclosures of the notes to the consolidated financial statements.

   Description of key audit matter:

   For the year ended December 31, 2022, Ace Pillar Co., Ltd. acquired 60% equity ownership of Standard Technology Corp. ("STC") and 100% equity ownership of BlueWalker GmbH ("BWA"), wherein Ace Pillar Co., Ltd. obtained control over STC and BWA. To adopt accounting treatment of business combination, the management needs to assess and determine the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Accordingly, the assessment of business combinations has been identified as one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, our principal audit procedures included obtaining the purchase price allocation report with the valuation on intangible assets conducted by an external expert engaged by the management; evaluating the acquired assets and liabilities identified by the management including any fair value adjustment at the acquisition date. In doing so, we have consulted internal valuation specialists to assist us in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition have been made.

2. Impairment of goodwill

   Refer to Note 4(m) for accounting policy on impairment of non-financial assets, Note 5 for uncertainty of accounting estimations and assumptions for goodwill impairment and Note 6(l) for related disclosures of the notes to the consolidated financial statements.

   Description of key audit matter:

   Goodwill arising from the acquisition of subsidiaries is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management' s judgment and estimation with respect to key assumptions which are subjective and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results; and assessing the adequacy of disclosures of related information on evaluation of goodwill.

Other Matter

Ace Pillar Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified audit opinion with the paragraph on Emphasis of Matter for the year ended December 31, 2022 and an unmodified audit opinion for the year ended December 31, 2021.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Ace Pillar Co., Ltd. and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Ace Pillar Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Ace Pillar Co., Ltd. and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ace Pillar Co., Ltd. and its subsidiaries' internal control.

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ace Pillar Co., Ltd. and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ace Pillar Co., Ltd. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Ace Pillar Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 1, 2023

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit 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

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021 (Restated)	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 436,095	13	521,134	17
1110	Financial assets at fair value through profit or loss－current (note 6(b))	163	-	-	-
1136	Financial assets at amortized cost－current (notes 6(d) and 8)	7,848	-	18,000	1
1150-1170	Notes and accounts receivable, net (notes 6(e), (t), 7 and 8)	944,003	28	1,105,387	35
1200	Other receivables (note 6(f))	29,412	1	14,714	1
130X	Inventories (note 6(g))	896,923	27	665,979	21
1461	Non-current assets held for sale (note 6(h))	-	-	312,601	10
1410-1470	Prepayments and other current assets	45,243	2	43,584	1
	Total current assets	2,359,687	71	2,681,399	86
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(c))	1,434	-	-	-
1535	Financial assets at amortized cost－non-current (note 6(d))	3,212	-	-	-
1600	Property, plant and equipment (notes (j) and 8)	666,613	20	373,454	12
1755	Right-of-use assets (note 6(k))	52,312	2	24,670	1
1780	Intangible assets (note 6(l))	196,471	6	4,167	-
1840	Deferred income tax assets (note 6(q))	9,865	-	9,234	-
1980	Other financial assets－non-current	18,755	1	17,077	-
1990	Other non-current assets	9,917	-	24,861	1
	Total non-current assets	958,579	29	453,463	14
	Total assets	$ 3,318,266	100	3,134,862	100

		December 31, 2022		December 31, 2021 (Restated)	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes (m) and 8)	$ 229,235	7	87,723	3
2123	Financial liabilities at fair value through profit or loss－current (note 6(b))	1,058	-	-	-
2130	Contract liabilities－current (note 6(t))	108,161	3	126,238	4
2150-2170	Notes and accounts payable (note 7)	390,605	12	577,950	18
2200	Other payables (note 7)	149,251	5	112,822	4
2230	Current income tax liabilities	55,065	2	48,747	2
2280	Lease liabilities－current (notes (o) and 7)	11,367	-	12,330	-
2300	Other current liabilities	10,140	-	8,884	-
2320	Current portion of long-term debt (notes 6(n) and 8)	653	-	-	-
	Total current liabilities	955,535	29	974,694	31
	Non-current liabilities:				
2540	Long-term debt (notes 6(n) and 8)	100,000	3	-	-
2570	Deferred income tax liabilities (note 6(q))	100,136	3	74,358	3
2580	Lease liabilities－non-current (notes 6(o) and 7)	25,086	1	8,246	-
	Total non-current liabilities	225,222	7	82,604	3
	Total liabilities	1,180,757	36	1,057,298	34
	Equity attributable to shareholders of the Company (note 6(r)):				
3110	Common stock	1,122,505	34	1,122,505	36
3200	Capital surplus	312,233	9	315,077	10
3300	Retained earnings	649,360	20	672,018	21
3400	Other equity	(35,927)	(1)	(56,506)	(2)
	Total equity attributable to shareholders of the Company	2,048,171	62	2,053,094	65
35XX	**Equity attributable to former owner of business combination under common control**	-	-	20,310	1
36XX	**Non-controlling interests**	89,338	2	4,160	-
	Total equity	2,137,509	64	2,077,564	66
	Total liabilities and equity	$ 3,318,266	100	3,134,862	100

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

For the years ended December 31, 2022 and 2021

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

		2022		2021 (Restated)	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(t), 7 and 14)**	$ 3,762,421	100	3,658,704	100
5000	**Operating costs (notes 6(g), (j), (p), 7 and 12)**	(3,023,194)	(80)	(3,000,362)	(82)
	Gross profit	739,227	20	658,342	18
	Operating expenses (notes 6(e), (j), (k), (l), (o), (p), (u), 7 and 12):				
6100	Selling expenses	(429,537)	(12)	(311,587)	(9)
6200	Administrative expenses	(195,838)	(5)	(153,454)	(4)
6300	Research and development expenses	(5,805)	-	(8,738)	-
6450	Gains on reversal of impairment loss (expected credit loss)	(12,321)	-	5,458	-
	Total operating expenses	(643,501)	(17)	(468,321)	(13)
	Operating income	95,726	3	190,021	5
	Non-operating income and loss (notes 6(o), (v) and 7):				
7100	Interest income	1,601	-	1,253	-
7010	Other income	9,831	-	5,171	-
7020	Other gains and losses, net	30,308	1	(830)	-
7050	Finance costs	(8,843)	-	(4,622)	-
	Total non-operating income and loss	32,897	1	972	-
	Income before income tax	128,623	4	190,993	5
7950	**Less: income tax expense (note 6(q))**	(31,049)	(1)	(41,142)	(1)
	Net income	97,574	3	149,851	4
	Other comprehensive income (note 6(r)):				
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	21,256	-	2,134	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		21,256	-	2,134	-
	Other comprehensive income for the year, net of income tax	21,256	-	2,134	-
	Total comprehensive income for the year	**$ 118,830**	**3**	**151,985**	**4**
	Net income attributable to:				
8610	Shareholders of the Company	78,953	2	147,895	4
8615	Former owner of business combination under common control	3,394	-	1,623	-
8620	Non-controlling interests	15,227	1	333	-
		$ 97,574	**3**	**149,851**	**4**
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	99,532	3	150,029	4
8715	Former owner of business combination under common control	3,394	-	1,623	-
8720	Non-controlling interests	15,904	-	333	-
		$ 118,830	**3**	**151,985**	**4**
	Earnings per share (in New Taiwan dollars) (note 6(s)):				
9750	Basic earnings per share	**$ 0.70**		**1.32**	
9850	Diluted earnings per share	**$ 0.70**		**1.32**	

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 years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	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	Total equity of the Company	Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
Balance at January 1, 2021 (restated)	$ 1,122,505	315,077	247,286	78,028	266,159	591,473	(58,640)	1,970,415	18,687	3,827	1,992,929
Net income in 2021	-	-	-	-	147,895	147,895	-	147,895	1,623	333	149,851
Other comprehensive income in 2021	-	-	-	-	-	-	2,134	2,134	-	-	2,134
Total comprehensive income in 2021	-	-	-	-	147,895	147,895	2,134	150,029	1,623	333	151,985
Appropriation of earnings:											
Legal reserve	-	-	10,981	-	(10,981)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(67,350)	(67,350)	-	(67,350)	-	-	(67,350)
Balance at December 31, 2021 (restated)	1,122,505	315,077	258,267	78,028	335,723	672,018	(56,506)	2,053,094	20,310	4,160	2,077,564
Net income in 2022	-	-	-	-	78,953	78,953	-	78,953	3,394	15,227	97,574
Other comprehensive income in 2022	-	-	-	-	-	-	20,579	20,579	-	677	21,256
Total comprehensive income in 2022	-	-	-	-	78,953	78,953	20,579	99,532	3,394	15,904	118,830
Appropriation of earnings:											
Legal reserve	-	-	14,790	-	(14,790)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(101,026)	(101,026)	-	(101,026)	-	-	(101,026)
Other changes in capital surplus	-	1	-	-	-	-	-	1	-	-	1
Difference between consideration and the carrying amount arising from acquisition or disposal of shares of subsidiaries	-	-	-	-	(585)	(585)	-	(585)	-	(4,855)	(5,440)
Reorganization under common control	-	(2,856)	-	-	-	-	-	(2,856)	(23,704)	-	(26,560)
Changes in ownership interests in subsidiaries	-	11	-	-	-	-	-	11	-	229	240
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	73,900	73,900
Balance at December 31, 2022	**$ 1,122,505**	**312,233**	**273,057**	**78,028**	**298,275**	**649,360**	**(35,927)**	**2,048,171**	**-**	**89,338**	**2,137,509**

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 years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021 (Restated)
Cash flows from operating activities:		
Income before income taxes	$ 128,623	190,993
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	40,211	42,980
Amortization	11,018	1,307
(Reversal of) expected credit loss	12,321	(5,458)
Interest expense	8,843	4,622
Interest income	(1,601)	(1,253)
Dividend income	(944)	-
Loss (gain) on disposal of property, plant and equipment	(187)	349
Gain on lease modifications	(741)	(1)
Gain on disposal of non-current assets held for sale	(23,829)	-
Loss on liquidation of subsidiary	391	-
Total adjustments for profit or loss	45,482	42,546
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(163)	-
Notes and accounts receivable	301,305	(173,477)
Other receivables	(13,686)	(6,338)
Inventories	(45,728)	(214,182)
Other current assets	5,040	(25,680)
Net changes in operating assets	246,768	(419,677)
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	1,058	(288)
Notes and accounts payable	(285,859)	175,968
Other payables	(52,210)	5,294
Contract liabilities	(30,770)	29,549
Other current liabilities	769	(2,882)
Other non-current liabilities	-	(1,375)
Net defined benefit liabilities	(5,671)	-
Net changes in operating liabilities	(372,683)	206,266
Total changes in operating assets and liabilities	(125,915)	(213,411)
Total adjustments	(80,433)	(170,865)
Cash provided by operations	48,190	20,128
Interest received	1,525	1,253
Dividends received	944	-
Income taxes paid	(51,990)	(7,398)
Net cash flows provided by (used in) operating activities	(1,331)	13,983

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 years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021 (Restated)
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash received	(141,309)	-
Proceeds from disposal of non-current assets held for sale	46,401	-
Acquisition of property, plant and equipment	(29,954)	(265,237)
Proceeds from disposal of property, plant and equipment	348	18
Acquisition of intangible assets	(9,228)	(5,474)
Decrease (increase) in other financial assets－current	17,721	(6,000)
Decrease in other financial assets－non-current	9,395	1,247
Decrease (increase) in other non-current assets	15,648	(9,899)
Net cash flows used in investing activities	(90,978)	(285,345)
Cash flows from financing activities:		
Increase in short-term borrowings	469,918	244,957
Decrease in short-term borrowings	(451,697)	(256,161)
Increase in long-term debt	100,000	-
Repayments of long-term debt	(133)	-
Payment of lease liabilities	(15,806)	(18,391)
Cash dividends distributed to shareholders	(101,026)	(67,350)
Interest paid	(8,747)	(4,728)
Changes in non-controlling interests	(5,440)	-
Net cash flows used in financing activities	(12,931)	(101,673)
Effect of foreign exchange rate changes	20,201	225
Net decrease in cash and cash equivalents	(85,039)	(372,810)
Cash and cash equivalents at beginning of year	521,134	893,944
Cash and cash equivalents at end of year	$ **436,095**	**521,134**

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 years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, 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 and electromechanical integration of automation control and mechanical transmission system.

2. Authorization of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 1, 2023.

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, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(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, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(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:

Standards or Interpretations	**Content of amendment**	**Effective date per IASB**
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments have removed the requirement for a right to be unconditional and instead now require that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. 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"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS 16 "Requirements for Sale and Leaseback Transactions"

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

4. Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Group's accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") and the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (collectively as "Taiwan-IFRSs").

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except for the following items in the balance sheets:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments); and
2) Financial assets at fair value through other comprehensive income.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(iii) Business combination under common control

The business combinations under common control often occur as the ownership of a company change to another, with both companies being controlled by the same ultimate parent company. These combinations are treated as the later of either the earliest comparative period in financial statements or the date under common control to restate comparative information of prior period. Under common control, assets and liabilities are recognized at their original carrying amount. The consolidated financial statements do not recognize the goodwill or the fair value of acquirer's share of the acquiree's interest in the acquiree's identifiable assets, liabilities, and contingent liabilities in excess of the common controlled carrying amount.

In preparing the consolidated balance sheet, the equity from acquisition is recognized in "equity attributable to the former owner of business combination under common control". In preparing the consolidated statements of comprehensive income, the profit or loss which belongs to former controlling shareholders is recorded as "profit (loss) attributable to the former owner of business combination under common control".

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions, balances and resulting unrealized income and loss are eliminated on consolidation. Total comprehensive income (loss) of a subsidiary is attributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, financial statements of subsidiaries are adjusted to align their accounting policies with those adopted by the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

(ii) 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 December 31, 2022	Percentage of Ownership December 31, 2021	Note
The Company	Cyber South Management Ltd. ("Cyber South", Samoa)	Investment and holding activity	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 %	-
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 %	-
The Company	Standard Technology Corp. ("STC", Taiwan)	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	60.00 %	-	Note 1
The Company	ACE Energy Co., Ltd. ("AEG", Taiwan) (formerly BenQ ESCO Corp.)	Service of energy technology	99.86 %	-	Notes 3 and 4
Cyber South	Proton Inc. ("Proton", Samoa)	Investment and holding activity	100.00 %	100.00 %	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. ("Ace Tek", Hong Kong)	Investment and holding activity	100.00 %	100.00 %	-
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. ("Suzhou Super Pillar", China)	Manufacture of automation mechanical transmission system and component	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 %	-

Name of Investor	Name of Subsidiaries	Principal Activities	Percentage of Ownership December 31, 2022	Percentage of Ownership December 31, 2021	Note
Cyber South	Xuchang Ace AI Equipment Co., Ltd. ("Xuchang Ace", China)	Wholesale of industrial robot and component	-	100.00 %	Note 5
Ace Tek	Advancedtek Ace (TJ) Inc. ("Advancedtek Ace", China)	Electronic system integration	100.00 %	100.00 %	-
STC	Standard Technology Corp. ("STCBVI", BVI)	Investment and holding activity	100.00 %	-	Note 1
STCBVI	Standard International Trading (Shanghai) Co., Ltd. ("Shanghai STC", China)	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	100.00 %	-	Note 1
AEG	BlueWalker GmbH ("BWA", Germany)	Sales and service of energy management products	100.00 %	-	Note 2

Note 1: The Group acquired 60% equity ownership of STC on March 1, 2022 and obtained control over it. Therefore, STC has been included in the Group's consolidated entities.

Note 2: The Group acquired 100% equity ownership of BWA on April 1, 2022 and obtained control over it. Therefore, BWA has been included in the Group's consolidated entities. In addition, AEG directly owned the entire equity ownership of BWA on December 1, 2022 by reorganization under common control.

Note 3: Referring to note 7(c)(vi), the Group acquired 100% equity ownership of AEG on July 1, 2022 and obtained control over AEG. The transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The consolidated financial statements for the year ended December 31, 2021 have been restated for comparison with the financial statements for the year ended December 31, 2022.

Note 4: In December 2022, AEG increased its share capital and reserved the partial new shares for subscription by its employees and for the stock options exercised by its employees, which resulted in a decrease in the Group's ownership interest in AEG.

Note 5: Xuchang Ace was liquidated in June 2022.

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

(d) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Group's consolidated financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the presentation currency of the Group's consolidated financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

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

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

(i) It is expected to be realized, or sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting date; or
(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(g) Financial instruments

Accounts receivable is initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, financial assets are classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). A regular way purchases or sales of financial assets is recognized or derecognized on a trade-date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present the subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity is reclassified to retained earnings and is never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

4) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following financial assets which are measured using 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECL.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Group's historical experience and credit assessment, as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights of the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets; in these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity transactions

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received, less, the direct issuing cost.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Group uses derivative financial instrument to hedge its foreign currency exposures. Derivatives are initially measured at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and included in non-operating income and loss. If the valuation of a derivative instrument is in a positive fair value, it is classified as a financial asset, otherwise, it is classified as a financial liability.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes expenditure incurred in bringing them to the location and condition ready for sale. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale. Non-current assets or disposal groups under this classification must be available for instant sale, which is highly probable within a year under current condition. The assets are measured at the lower of their carrying amount and fair value, less, costs to sell and are no longer amortized or depreciated when they are classified as held for sale.

(j) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated. The estimated useful lives for property, plant and equipment are as follows: transportation equipment: 3 to 5 years and other equipment: 3 to 10 years; buildings are depreciated over the following useful lives of significant individual components: main structure: 10 to 54 years and mechanical, electrical power equipment and other equipment: 10 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Leases

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

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Group's assessment on whether it will exercise a extension an option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an extension or termination option; or
- there is any lease modification in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the consolidated balance sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for the short-term and low-value leases for transportation equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

For operating lease, the Group recognizes rental income on a straight-line basis over the lease term.

(l) Intangible assets

(i) Goodwill

Goodwill arising from the acquisition of subsidiaries is accounted for as intangible assets. Refer to note 4(r) for the description of the measurement of goodwill at initial recognition. Goodwill is not amortized but is measured at cost, less accumulated impairment losses.

(ii) Other intangible assets

Patent and customer relationship acquired in a business combination are measured at fair value at the acquisition date. Other intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the following estimated useful lives: acquired software: 3 to 5 years; patent: 10 years; customer relationship: 9.75 to 11 years.

The residual value, amortization period, and amortization method are reviewed at least at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(m) Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually or when there are indications of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units (“CGUs”) or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset’s carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(n) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer.

(i) Sale of goods

The Group recognizes revenue when control of the goods has been transferred to the customer, being when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Rendering of services

The Group' s revenue from providing system implementation or integration services is recognized in the accounting period in which services are rendered.

(iii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer, and the payment by the customer, exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The liability recognized in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date, less, the fair value of plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the term of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expense related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses; (ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liabilities (asset) are recognized in other comprehensive income and then transferred to retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Business combinations

The Group accounts for business combinations using the acquisition method. Goodwill is measured as the excess of the acquisition-date fair value of consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

Non-controlling interests in an acquire that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's net identifiable assets. All other non-controlling interest is measured at its acquisition date fair value or other measurement basis in accordance with Taiwan-IFRSs.

(r) Earnings per share ("EPS")

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group's dilutive potential common shares are employee stock options or profit sharing for employees to be settled in the form of common stock.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions on the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

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

The preparation of the consolidated financial statements 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and the future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Please refer to note 6(l) for further information of the assessment of impairment of goodwill.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 490	270
Demand deposits and checking accounts	435,605	520,864
	$ 436,095	**521,134**

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

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Foreign currency forward contracts	**$ 163**	**-**

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss:		
Foreign currency forward contracts	$ (64)	-
Foreign exchange swaps	(994)	-
	$ (1,058)	**-**

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

	December 31, 2022		
	Contract amount (in thousands)		Maturity period
USD Buy / CNY Sell	USD	950	2023/01
USD Buy / EUR Sell	USD	800	2023/01
CNY Buy / USD Sell	USD	2,350	2023/01

(ii) Foreign exchange swaps

	December 31, 2022		
	Contract amount (in thousands)		Maturity period
TWD Buy / CNY Sell	CNY	47,000	2023/01

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

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

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:		
Foreign unlisted stocks	$ 1,434	-

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

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the year ended December 31, 2022.

(d) Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Pledged time deposits	$ 616	-
Time deposits	7,232	18,000
Corporate bonds	3,212	-
	$ 11,060	18,000
Current	$ 7,848	18,000
Non-current	3,212	-
	$ 11,060	18,000

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 carried at cost.

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

(e) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	$ 240,323	297,594
Accounts receivable measured at amortized cost	762,692	835,439
Less: loss allowance	(59,012)	(27,646)
	$ 944,003	**1,105,387**

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:

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 382,932	0%~0.47%	9
Past due 1-90 days	25,406	0%~32.07%	86
Past due 91-180 days	2,785	0%~100%	110
Past due 181-270 days	845	0%~100%	-
Past due over 271 days	1,527	100%	1,527
	$ 413,495		**1,732**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 475,954	0%~0.18%	48
Past due 1-90 days	21,533	0.01%~3.08%	10
Past due 91-180 days	23	0.4%~26%	-
Past due over 271 days	1,935	100%	1,935
	$ 499,445		**1,993**

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

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 487,394	0%~0.68%	1,762
Past due 1-90 days	49,926	0%~17.79%	5,302
Past due 91-180 days	22,688	0%~60.28%	21,064
Past due 181-270 days	18,745	0%~100%	18,385
Past due over 271 days	10,767	100%	10,767
	$ 589,520		**57,280**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 541,237	0%~0.43%	1,121
Past due 1-90 days	66,355	0%~20%	3,122
Past due 91-180 days	7,033	0%~69%	2,547
Past due 181-270 days	647	75%~100%	547
Past due over 271 days	18,316	100%	18,316
	$ 633,588		**25,653**

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

	2022	**2021**
Balance at January 1	$ 27,646	41,357
Acquisition through business combination	3,143	-
Impairment loss (gain on reversal of impairment loss)	12,321	(5,458)
Write-off	(7,793)	(8,381)
Insurance claims for accounts receivable	23,434	-
Effect of exchange rate changes	261	128
Balance at December 31	**$ 59,012**	**27,646**

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

(f) Other receivables

	December 31, 2022	**December 31, 2021**
Other receivables	$ 29,412	14,714
Less: loss allowance	-	-
	$ 29,412	**14,714**

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

(g) Inventories

	December 31, 2022	December 31, 2021
Merchandise inventory	$ 896,923	665,979

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

	2022	2021
Cost of inventories sold	$ 2,960,799	2,985,833
Write-downs (reversal) of inventories	6,359	(105,535)
Losses on scrap of inventories	-	37,519
	$ 2,967,158	2,917,817

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 the extent of the write-downs of inventories to net realizable value.

(h) Non-current assets classified as held for sale

In May 2021, the Company's Board of Directors approved a resolution to dispose of land and buildings located at Sanchong District of New Taipei City. The assets amounting to $73,452 were classified as non-current assets held for sale. Part of the abovementioned assets have been sold in January and June 2022, of which the considerations amounted to $46,941 and the carrying amounts amounted to $22,572.

In December 2021, the Board of Directors of Tianjin Ace Pillar Co., Ltd. approved a resolution to dispose factories located in China (Tianjin) Pilot Free Trade Zone and land-use rights. The abovementioned assets, with the carrying amount of $242,467 (CNY 55,035), were classified as non-current assets held for sale.

For the year ended December 31, 2022, under the impact of Covid-19 pandemic and the overall economic environment, the management assessed that the abovementioned assets no longer meet the criteria of classification of assets as held for sale. Therefore, the asset amounting to $293,347 was reclassified to property, plant and equipment and right-of-use assets. The reclassification would not have a significant impact on the Group's financing and operating activities for the years ended December 31, 2022 and 2021.

(i) Acquisition of subsidiaries and non-controlling interests

(i) Acquisition of subsidiary－Standard Technology Corp. and its subsidiaries

1) Consideration transferred

On March 1, 2022 (the acquisition date), the Group acquired 4,680 thousand shares of Standard Technology Corp. ("STC"), constituting 60% of equity ownership of STC, for a cash consideration of $187,000 and obtained control over it since then. Thereafter, STC has been included in the Group's consolidated entities since the acquisition date. STC and its subsidiaries are primarily engaged in the trading of semiconductor, optoelectronics equipment and consumables and equipment repair services. The acquisition of STC enables the Group to optimize its business deployment in the semiconductor industry, expand its business capacity and provide customers with a full range of products and services.

2) Identifiable net assets acquired in a business combination

The fair value of identifiable assets acquired and liabilities assumed from the acquisition on the acquisition date and the measurement of goodwill at initial recognition are as follows:

Consideration transferred:		
Cash		$ 187,000
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of the identifiable net assets)		79,375
Less: Identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 164,493	
Notes and accounts receivable, net	124,853	
Inventories	112,226	
Other current assets	6,750	
Financial assets at amortized cost－non-current	21,127	
Financial assets at fair value through other comprehensive income－non-current	1,434	
Property, plant and equipment	2,841	
Right-of-use assets	5,521	
Intangible assets－computer software	1,039	
Intangible assets－customer relationship	92,585	
Deferred income tax assets	2,235	
Other non-current assets	699	
Short-term borrowings	(122,161)	
Accounts payable	(65,200)	
Other payables	(75,849)	
Contract liabilities－current	(12,069)	
Other current liabilities	(6,145)	
Lease liabilities (including current and non-current)	(5,464)	
Deferred income tax liabilities	(44,806)	
Other non-current liabilities	(5,671)	198,438
Goodwill		**$ 67,937**

The Group continuously reviews the abovementioned items during the measurement period. As of December 31, 2022, intangible assets－ customer relationship, non-controlling interests and other net liabilities decreased by $18,509, $5,475 and $4,822, respectively, resulting in an increase of $8,212 in goodwill.

3) Intangible assets

Intangible assets－ customer relationship are amortized on a straight-line basis over the estimated future economic useful life of 10.84 years.

Goodwill arising from the acquisition of STC is due to the profitability, the synergies of the business combination, future market development and value of assembled workforce. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro forma information

From the acquisition date to December 31, 2022, STC and its subsidiaries had contributed the revenue of $548,580 and the net income of $36,298 to the Group. If this acquisition had occurred on January 1, 2022, the management estimates that consolidated revenue and consolidated net income would have been $3,875,598 and $101,072, respectively.

(ii) Acquisition of subsidiary－BlueWalker GmbH

1) Consideration transferred

On April 1, 2022 (the acquisition date), the Group acquired 100% ownership of BlueWalker GmbH (“ BWA”), for a cash consideration of $127,200 (EUR 4,000 thousand), and obtained control over it since then. Thereafter, BWA has been included in the Group’s consolidated entities since the acquisition date. BWA is primarily engaged in the sales and service of energy management products. The acquisition of BWA enables the Group to enhance product diversification and expand sales regions, and to improve overall operating efficiency.

2) Identifiable net assets acquired in a business combination

The fair value of identifiable assets acquired and liabilities assumed from the acquisition on the acquisition date and the measurement of goodwill at initial recognition are as follows:

Consideration transferred:		
Cash		$ 127,200
Less: Identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 34,958	
Notes and accounts receivable, net	27,389	
Inventories	72,990	
Prepayments and other current assets	2,746	
Property, plant and equipment	636	
Intangible assets－computer software	18	
Intangible assets－customer relationship	12,151	
Intangible assets－patent	12,822	
Other non-current assets	1,273	
Accounts payable	(33,314)	
Other payables (including dividends payable)	(14,545)	
Current tax liabilities	(1,036)	
Contract liabilities－current	(624)	
Other current liabilities	(311)	
Current portion of long-term debt	(249)	
Long-term debt	(601)	
Deferred income tax liabilities	(4,994)	
Other non-current liabilities	(805)	108,504
Goodwill		**$ 18,696**

The Group continuously reviews the abovementioned items during the measurement period. As of December 31, 2022, intangible assets－customer relationship and deferred income tax liabilities decreased by $4,285 and $857, respectively, resulting in an increase of $3,428 in goodwill.

3) Goodwill

Intangible assets－customer relationship and intangible assets－patent are amortized on a straight-line basis over the estimated future economic useful life of 9.75 years and 10 years, respectively.

Goodwill arising from the acquisition of BWA is due to the profitability, the synergies of the business combination, future market development and value of assembled workforce. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro forma information

From the acquisition date to December 31, 2022, BWA had contributed the revenue of $256,336 and the net income of $13,896 to the Group. If this acquisition had occurred on January 1, 2022, the management estimates that consolidated revenue and consolidated net income would have been $3,840,314 and $97,773, respectively.

(iii) Acquisition of subsidiary－ACE Energy Co., Ltd.

1) Consideration transferred

On July 1, 2022 (the acquisition date), the Group acquired 100% equity ownership of ACE Energy Co., Ltd. ("AEG") (formerly BenQ ESCO Corp.), for a cash consideration of $32,000, and obtained control over it since then. AEG is primarily engaged in the service of energy technology. The acquisition of AEG enables the Group to respond to long-term operational development of the Group and enhance the capability of group integration.

2) Identifiable net assets acquired in a business combination

The carrying amount of identifiable assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

Consideration transferred:		
Cash		$ 32,000
Less: Identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 24,856	
Financial assets at amortized cost－current	6,000	
Notes and accounts receivable, net	17,355	
Prepayments and other current assets	2,389	
Property, plant and equipment	3,748	
Other non-current assets	793	
Accounts payable	(5,727)	
Other payables	(12,312)	
Contract liabilities－current	(6,029)	
Other current liabilities	(1,062)	
Lease liabilities－current	(1,452)	28,559
Capital surplus and retained earnings		**$ 3,441**

The combination is an organizational reorganization under common control. According, the difference between the consideration paid and the carrying amount of the net identifiable assets of AEG is debited to the capital surplus of $2,856 and retained earnings of $585.

(j) Property, plant and equipment

		Land	Buildings	Transportation equipment and other equipment	Lease	Construction in progress	Total
Cost:							
Balance at January 1, 2022	$	219,768	247,048	150,322	102,532	6,122	725,792
Acquisition through business combination		-	-	15,401	-	-	15,401
Additions		-	20,963	8,991	-	-	29,954
Disposals		-	-	(7,979)	-	-	(7,979)
Reclassification from non-current assets held for sale		37,159	254,085	-	-	-	291,244
Other reclassification		-	-	5,893	-	(5,893)	-
Effect of exchange rate changes		-	4,296	1,096	-	-	5,392
Balance at December 31, 2022	$	**256,927**	**526,392**	**173,724**	**102,532**	**229**	**1,059,804**
Balance at January 1, 2021	$	89,594	202,638	144,595	102,532	242,984	782,343
Additions		181,650	79,483	3,999	-	105	265,237
Disposals		-	-	(7,417)	-	-	(7,417)
Reclassification		-	-	8,776	-	(8,776)	-
Reclassification to non-current assets held for sale		(51,476)	(35,159)	-	-	(229,710)	(316,345)
Effect of exchange rate changes		-	86	369	-	1,519	1,974
Balance at December 31, 2021	$	**219,768**	**247,048**	**150,322**	**102,532**	**6,122**	**725,792**
Accumulated depreciation and impairment loss:							
Balance at January 1, 2022	$	-	(114,208)	(137,672)	(100,458)	-	(352,338)
Acquisition through business combination		-	-	(11,924)	-	-	(11,924)
Depreciation		-	(11,387)	(11,573)	(2,074)	-	(25,034)
Reclassification from non-current assets held for sale		-	(7,733)	-	-	-	(7,733)
Disposals		-	-	7,818	-	-	7,818
Effect of exchange rate changes		-	(2,988)	(992)	-	-	(3,980)
Balance at December 31, 2022	$	**-**	**(136,316)**	**(154,343)**	**(102,532)**	**-**	**(393,191)**
Balance at January 1, 2021	$	-	(118,226)	(130,559)	(95,275)	-	(344,060)
Depreciation		-	(9,073)	(13,838)	(5,183)	-	(28,094)
Disposals		-	-	7,050	-	-	7,050
Reclassification to non-current assets held for sale		-	13,183	-	-	-	13,183
Effect of exchange rate changes		-	(92)	(325)	-	-	(417)
Balance at December 31, 2021	$	**-**	**(114,208)**	**(137,672)**	**(100,458)**	**-**	**(352,338)**
Carrying amount:							
Balance at December 31, 2022	$	**256,927**	**390,076**	**19,381**	**-**	**229**	**666,613**
Balance at December 31, 2021	$	**219,768**	**132,840**	**12,650**	**2,074**	**6,122**	**373,454**

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

(k) Right-of-use assets

	Land	Buildings	Transportation equipment	Total
Cost:				
Balance at January 1, 2022	$ 7,265	32,454	3,053	42,772
Acquisition through business combination	-	6,237	443	6,680
Additions	-	35,717	-	35,717
Reclassification from non-current assets held for sale	10,561	-	-	10,561
Disposals	-	(29,341)	(663)	(30,004)
Effect of exchange rates changes	640	373	11	1,024
Balance at December 31, 2022	**$ 18,466**	**45,440**	**2,844**	**66,750**
Balance at January 1, 2021	$ 17,723	39,772	2,674	60,169
Additions	-	8,106	2,323	10,429
Reclassification to non-current assets held for sale	(10,429)	-	-	(10,429)
Disposals	-	(15,569)	(1,944)	(17,513)
Effect of exchange rate changes	(29)	145	-	116
Balance at December 31, 2021	**$ 7,265**	**32,454**	**3,053**	**42,772**
Accumulated depreciation:				
Balance at January 1, 2022	$ 544	16,403	1,155	18,102
Acquisition through business combination	-	1,132	27	1,159
Depreciation	190	13,670	1,317	15,177
Disposals	-	(20,715)	(276)	(20,991)
Reclassification from non-current assets held for sale	725	-	-	725
Effect of exchange rates changes	136	129	1	266
Balance at December 31, 2022	**$ 1,595**	**10,619**	**2,224**	**14,438**
Balance at January 1, 2021	856	14,268	1,557	16,681
Depreciation	406	13,370	1,110	14,886
Disposals	-	(11,310)	(1,517)	(12,827)
Effect of exchange rates changes	(716)	-	-	(716)
Reclassification to non-current assets held for sale	(2)	75	5	78
Balance at December 31, 2021	**$ 544**	**16,403**	**1,155**	**18,102**
Carrying amount:				
Balance at December 31, 2022	**$ 16,871**	**34,821**	**620**	**52,312**
Balance at December 31, 2021	**$ 6,721**	**16,051**	**1,898**	**24,670**

(l) Intangible assets

	Goodwill	Computer software	Patent	Customer relationship	Total
Cost:					
Balance at January 1, 2022	$ -	5,687	-	-	5,687
Additions	-	9,228	-	-	9,228
Acquisition through business combination	86,633	2,535	12,822	104,736	206,726
Adjustment of business combination during the measurement period	11,640	-	-	(22,794)	(11,154)
Disposals	-	(725)	-	-	(725)
Effect of exchange rates changes	-	6	-	-	6
Balance at December 31, 2022	**$ 98,273**	**16,731**	**12,822**	**81,942**	**209,768**
Balance at January 1, 2021	$ -	213	-	-	213
Additions	-	5,474	-	-	5,474
Balance at December 31, 2021	**$ -**	**5,687**	**-**	**-**	**5,687**
Accumulated amortization:					
Balance at January 1, 2022	$ -	1,520	-	-	1,520
Amortization	-	3,756	962	6,300	11,018
Acquisition through business combination	-	1,478	-	-	1,478
Disposals	-	(725)	-	-	(725)
Effect of exchange rates changes	-	6	-	-	6
Balance at December 31, 2022	**$ -**	**6,035**	**962**	**6,300**	**13,297**
Balance at January 1, 2021	$ -	213	-	-	213
Amortization	-	1,307	-	-	1,307
Balance at December 31, 2021	**$ -**	**1,520**	**-**	**-**	**1,520**
Carrying amount:					
Balance at December 31, 2022	**$ 98,273**	**10,696**	**11,860**	**75,642**	**196,471**
Balance at December 31, 2021	**$ -**	**4,167**	**-**	**-**	**4,167**

Impairment test on goodwill

The carrying amount of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose as of December 31, 2022 were as follows:

	December 31, 2022
STC	$ 76,149
BlueWalker GmbH	22,124
	$ 98,273

Each CGU to which the goodwill is allocated represents the lowest level within the Group, at which the goodwill is monitored for internal management purpose. As of December 31, 2022, based on the results of impairment tests conducted by the Group, the recoverable amount of CGUs exceeded its carrying amount; as a result, no impairment loss was recognized. The recoverable amount of a CGU was determined based on the value in use.

	December 31, 2022
STC:	
Revenue growth rate	5.78%~15%
Pre-tax discount rate	22.78%

	December 31, 2022
BlueWalker GmbH:	
Revenue growth rate	1%~4%
Pre-tax discount rate	23.77%

(i) The cash flow projections were based on future financial budgets, covering a period of 5 years, approved by management. Cash flows beyond that 5-year period have been extrapolated using 0% growth rate.

(ii) The estimation of discount rate is based on the weighted average cost of capital.

(m) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 117,432	69,527
Secured bank loans	111,803	18,196
	$ 229,235	**87,723**
Unused credit facilities	**$ 2,521,803**	**2,259,307**
Interest rate	1.6%~4.1%	2.4%~4.25%

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

(n) Long-term debt

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 100,000	-
Secured bank loans	653	-
Less: current portion of long-term debt	(653)	-
	$ 100,000	**-**
Unused credit facilities	**$ 100,000**	**-**
Interest rate	**1.72%~5.83%**	**-**
Maturity year	**2024**	**-**

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

(o) Lease liabilities

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

	December 31, 2022	December 31, 2021
Current	**$ 11,367**	**12,330**
Non-current	**$ 25,086**	**8,246**

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expense on lease liabilities	**$ 559**	**992**
Expenses relating to short-term leases	**$ 16,570**	**10,884**

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

	2022	2021
Total cash outflows for leases	**$ 32,935**	**30,267**

(i) Real estate leases

The Group leases lands and buildings for its office, factory 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

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

(p) Employee benefits

(i) Defined benefit plans

On March 1, 2022, the Group obtained control over STC. The reconciliation between the present value of defined benefit obligations and fair value of plan assets for defined benefit plans of STC for the year ended December 31, 2021 was as follows:

	December 31, 2021
Present value of defined benefit obligations	$ 29,658
Fair value of plan assets	(23,993)
Net defined benefit liabilities	**$ 5,665**

In 2022, STC reached an agreement with its employees on the early settlement of the defined benefit plan regulated by the Labor Pension Act, wherein STC recognized a gain of $3,767 on the settlement of defined benefit plan.

(ii) Defined contribution plans

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with their respective local regulations. Under this defined contribution plan, the Group has no legal or constructive obligation to pay additional amounts after contributing a fixed amount.

For the years ended December 31, 2022 and 2021, the Group recognized the pension expenses of $22,476 and $17,078, respectively, in relation to the defined contribution plans.

(q) Income taxes

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

	2022	**2021**
Current income tax expense	$ 46,959	25,536
Surtax on undistributed earnings	1,604	-
Adjustments for prior years	345	31
	48,908	25,567
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	(17,859)	15,575
Income tax expense	**$ 31,049**	**41,142**

For the years ended December 31, 2022 and 2021, there was no income tax expense recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense and income before income tax for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Income before income tax	$	**128,623**	**190,993**
Income tax using the Company's statutory tax rate	$	25,725	38,199
Effect of different tax rates in foreign jurisdictions		722	3,662
Surtax on undistributed earnings		1,604	-
Land transactions income exemption		(4,188)	-
Investment income recorded under equity method		(6,092)	-
Changes in unrecognized tax losses		11,788	(235)
Adjustments for prior periods		345	31
Others		1,145	(515)
	$	**31,049**	**41,142**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

As the Company is able to control the timing of the reversal of the temporary differences associated with investments in certain subsidiaries as of December 31, 2022 and 2021, and management considers that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences are not recognized as deferred income tax liabilities. In addition, as certain subsidiaries determined that it is not probable that future taxable profits will be available against which the temporary differences and operating loss carryforwards can be utilized, these items were not recognized as deferred income tax assets.

Unrecognized deferred income tax assets:

		December 31, 2022	December 31, 2021
Tax losses	$	**82,858**	**71,070**

Unrecognized deferred income tax liabilities:

		December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	$	**10,191**	**10,191**

As of December 31, 2022, the unrecognized tax losses and the respective expiry years were as follows:

Unrecognized tax losses	Year of expiry
$ 22,472	2023
126,076	2024
61,014	2025
56,845	2026
59,004	2027
2,893	2028
14,200	2029
1,604	2030
$ 344,108	

2) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

	Write-downs of inventories	Loss allowance	Others	Total
Balance at January 1, 2022	$ 3,005	5,014	1,215	9,234
Recognized in profit or loss	843	(454)	(1,993)	(1,604)
Acquisition through business combination	637	454	1,144	2,235
Balance at December 31, 2022	**$ 4,485**	**5,014**	**366**	**9,865**
Balance at January 1, 2021	$ 4,741	5,698	1,160	11,599
Recognized in profit or loss	(1,736)	(684)	55	(2,365)
Balance at December 31, 2021	**$ 3,005**	**5,014**	**1,215**	**9,234**

Deferred income tax liabilities:

	Gains from investments in subsidiaries	Others	Total
Balance at January 1, 2022	$ 74,358	-	74,358
Recognized in profit or loss	(18,044)	(1,419)	(19,463)
Acquisition through business combination	26,288	18,953	45,241
Balance at December 31, 2022	**$ 82,602**	**17,534**	**100,136**
Balance at January 1, 2021	$ 61,148	-	61,148
Recognized in profit or loss	13,210	-	13,210
Balance at December 31, 2021	**$ 74,358**	**-**	**74,358**

(iii) The Company’ s income tax returns for the years through 2020 have been examined and approved by the R.O.C. income tax authorities.

(r) Capital and other equity

(i) Common stock

As of December 31, 2022 and 2021, the Company's authorized shares of common stock amounted to $2,000,000 in total, at par value of $10 (Dollars) per share, and consisted of 200,000 thousand shares, of which 112,250 thousand shares were issued.

(ii) Capital surplus

	December 31, 2022	December 31, 2021
Paid-in capital in excess of par value	$ 275,225	278,081
Changes in ownership interests in subsidiaries	11	-
Employee stock options	7,354	7,354
Unclaimed dividends reclassified to capital surplus	107	107
Treasury share transactions	29,454	29,454
Others	82	81
	$ 312,233	**315,077**

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(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 its meeting. If the Company has annual earnings and the distributable earnings for the years achieves 2% of capital, the dividend distribution shall not be less than 10% of the distributable earnings for the year, of which of the percentage of cash dividends shall not be less than 20% of the total dividends for the year.

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital.

2) Special reserve

When the Company adopted IFRSs endorsed by FSC for the first time, Company elected to use the exemption items applied to the first-time adoption the IFRSs in IFRS 1. At the date of transition to IFRSs, the accumulated translation adjustment amount of $78,330 was transferred to retained earnings and the same amount was recognized in special reserve. When the related assets were used, disposed, or reclassified, the Company should proportionally reserve the original special reserve contribution and distribute it as earnings. The aforementioned special reserve was $78,028 as of both December 31, 2022 and 2021.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of the undistributed prior-period earnings shall be reclassified to special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2022 and 2021 earnings was resolved by the Board of Directors on March 1, 2023 and March 2, 2022, respectively. The resolved appropriation of the cash dividends per share was as follows:

	2022		**2021**	
	Dividends per share (in dollars)	**Amount**	**Dividends per share (in dollars)**	**Amount**
Cash dividends	$ 0.5	**56,125**	0.9	**101,026**

The related information can be accessed on the Market Observation Post System website.

(iv) Other equity items (net after tax)

		Foreign currency translation differences
Balance at January 1, 2022	$	(56,506)
Foreign exchange differences arising from translation of foreign operations		20,579
Balance at December 31, 2022	**$**	**(35,927)**
Balance at January 1, 2021	$	(58,640)
Foreign exchange differences arising from translation of foreign operations		2,134
Balance at December 31, 2021	**$**	**(56,506)**

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

		2022	**2021**
Balance at January 1	$	4,160	3,827
Equity attributable to non-controlling interests			
Net income		15,227	333
Changes in ownership interests in subsidiaries		229	-
Foreign currency translation differences		677	-
Difference between consideration and the carrying amount arising from acquisition or disposal of shares of subsidiaries		(4,855)	-
Increase in non-controlling interests in acquisition of subsidiaries		73,900	-
Balance at December 31	**$**	**89,338**	**4,160**

(s) Earnings per share ("EPS")

(i) Basic earnings per share

		2022	**2021**
Net income attributable to shareholders of the Company	**$**	**78,953**	**147,895**
Weighted-average number of ordinary shares outstanding (in thousands)		**112,250**	**112,250**
Basic earnings per share (in dollars)	**$**	**0.70**	**1.32**

(ii) Diluted earnings per share

	2022	2021
Net income attributable to shareholders of the Company	$ **78,953**	**147,895**
Weighted-average number of ordinary shares outstanding (in thousands)	112,250	112,250
Effect of dilutive potential ordinary shares:		
Effect of employee remuneration in stock	83	140
Weighted-average number of ordinary shares outstanding (in thousands) (including effect of dilutive potential common stock)	**112,333**	**112,390**
Diluted earnings per share (in dollars)	$ **0.70**	**1.32**

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
Major products / services lines:		
Automation control	$ 1,692,653	2,083,880
Mechanical transmission	1,167,569	1,461,821
Sales and service of semiconductor equipment material	548,580	-
Energy management products	349,631	107,812
Others	3,988	5,191
	$ **3,762,421**	**3,658,704**

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable	$ 1,003,015	1,133,033	967,809
Less: loss allowance	(59,012)	(27,646)	(41,357)
	$ **944,003**	**1,105,387**	**926,452**

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities－advanced receipts	$ **108,161**	**126,238**	**96,689**

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

The amount of revenue recognized for the years ended December 31, 2022 and 2021, that was included in the contract liabilities balance at the beginning of the period, were $107,963 and $73,465, respectively.

(u) Remuneration to employees and directors

The Company' s Articles of Incorporation requires that earnings, which refer to income before income tax excluding the renumeration to employees, directors and supervisors, shall first to be offset against any deficit, then a range from 2% to 20% will be distributed as renumeration to its employees and no more than 1% to its directors. Nevertheless, the profits in the current period should be reserved for offsetting the accumulated deficit, with the unappropriated earnings from the previous years, if any, prior to distributing the remuneration to the employees and directors. The abovementioned remuneration to employees shall be paid in shares or cash and remuneration to directors shall be paid in cash.

For the years ended December 31, 2022 and 2021, the Company accrued its remuneration to employees amounting to $1,845 and $3,818, respectively, and the remuneration to directors amounting to $922 and $1,909, respectively. The estimated amounts mentioned above are calculated based on the income before income tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles, and recognized them 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 estimated remuneration to employees and directors for 2022 and 2021 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.

(v) Non-operating income and loss

(i) Interest income

	2022	2021
Interest income from bank deposits	$ 1,246	1,253
Interest income from financial assets measured at amortized cost	76	-
Others	279	-
	$ 1,601	**1,253**

(ii) Other income

	2022	2021
Dividend income	$ 944	-
Miscellaneous income	8,887	5,171
	$ 9,831	**5,171**

(iii) Other gains and losses

	2022	2021
Losses on liquidation of subsidiary	$ (391)	-
Gains on lease modifications	741	1
Foreign currency exchange gains, net	8,174	1,046
Losses on financial instruments at fair value through profit or loss	(1,950)	(499)
Gains on disposal of non-current assets held for sale	23,829	-
Others	(95)	(1,378)
	$ 30,308	**(830)**

(iv) Finance costs

	2022	2021
Interest expense on bank loans	$ (8,284)	(3,630)
Interest expense on lease liabilities	(559)	(992)
	$ (8,843)	**(4,622)**

(w) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss－current	$ 163	-
Financial assets at fair value through other comprehensive income－non-current	1,434	-
Financial assets measured at amortized cost:		
Cash and cash equivalents	436,095	521,134
Financial assets measured at amortized cost (including current and non-current)	11,060	18,000
Notes and accounts receivable	944,003	1,105,387
Other receivables	29,412	14,714
Other financial assets－non-current	18,755	17,077
	$ 1,440,922	**1,676,312**

2) Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss －current	$ 1,058	-
Financial liabilities measured at amortized cost:		
Short-term borrowings	229,235	87,723
Notes and accounts payable	390,605	577,950
Other payables	149,251	112,822
Lease liabilities (including current and non-current)	36,453	20,576
Long-term debt (including current portion)	100,653	-
	$ 907,255	**799,071**

(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).

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivatives－foreign currency forward contracts	**$ 163**	**-**	**163**	**-**	**163**
Financial liabilities at fair value through profit or loss:					
Derivatives－foreign currency forward contracts	$ (64)	-	(64)	-	(64)
Derivatives－foreign exchange swaps	(994)	-	(994)	-	(994)
	$ (1,058)	**-**	**(1,058)**	**-**	**(1,058)**
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	**$ 1,434**	**-**	**-**	**1,434**	**1,434**

3) Valuation techniques and assumptions used in fair value measurement

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 valuations of similar companies, net worth and operating activities. 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.

(x) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Group has disclosed the information on exposure to the aforementioned risks and the Group’s policies and procedures to measure and manage those risks as well as the quantitative information below.

The Company’s Board of Directors is responsible for developing and monitoring the Group’s risk management policies. The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s operations.

The Group's management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Group's financial assets.

The Group maintains cash and cash equivalents with reputable financial institutions. Therefore, the exposure related to potential default by those counter-parties is not considered significant.

In order to reduce credit risk of accounts receivable, the Group has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Group continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk.

The Company believes that there is no significant concentration of credit risk due to the Company's relation to a wide range of customers and large geographical regions.

Please refer to note 6(e) for credit risk exposure of accounts receivable. Other financial assets amortized at cost includes other receivables and refundable deposits (included in other financial assets－non-current). The abovementioned financial assets are considered low-credit risk financial assets; therefore, the loss allowances are measured using 12 months ECL. Please refer to note 6(d) for ECL assessment.

(ii) 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 December 31, 2022 and 2021, the Group had unused credit facilities of $2,621,803 and $2,259,307, respectively.

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

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	$ 230,468	230,468	-	-	-
Long-term debt (including current portion)	103,521	2,470	101,051	-	-
Notes and accounts payable	309,605	309,605	-	-	-
Other payables	149,251	149,251	-	-	-
Lease liabilities (including current and non-current)	37,926	11,978	7,946	18,002	-
	$ 830,771	**703,772**	**108,997**	**18,002**	**-**
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	$ 125,269	125,269	-	-	-
Inflow	(125,368)	(125,368)	-	-	-
Foreign exchange swaps:					
Outflow	207,245	207,245	-	-	-
Inflow	(206,251)	(206,251)	-	-	-
	$ 895	**895**	**-**	**-**	**-**
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings	$ 88,146	88,146	-	-	-
Notes and accounts payable	577,950	577,950	-	-	-
Other payables	112,822	112,822	-	-	-
Lease liabilities (including current and non-current)	21,266	12,872	6,610	1,784	-
	$ 800,184	**791,790**	**6,610**	**1,784**	**-**

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

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and bank loans that are denominated in a currency other than the respective functional currency of the Group's entities. The functional currency of the Group's entities consists mainly of New Taiwan dollar (NTD) and Chinese yuan renminbi (CNY) and the currency other than the functional currency used in these transactions consists mainly of US dollar (USD), Japanese yen (JPY) and Chinese yuan renminbi (CNY).

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 currencies of the Group entities, were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

	December 31, 2022				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
Monetary items					
CNY	$ 47,620	4.4057	209,799	1 %	2,098
USD	5,585	30.73	171,627	1 %	1,716
JPY	35,609	0.2330	8,297	1 %	83
Financial liabilities					
Monetary items					
USD	4,467	30.73	137,271	1 %	1,373
JPY	53,467	0.2330	12,458	1 %	125

	December 31, 2021				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
Monetary items					
CNY	$ 4,658	4.35	20,262	1 %	203
USD	8,690	27.68	240,539	1 %	2,405
JPY	31,877	0.2404	7,663	1 %	77
Financial liabilities					
Monetary items					
USD	7,951	27.68	220,084	1 %	2,201
JPY	26,577	0.2404	6,389	1 %	64

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2022 and 2021, the aggregate of realized and unrealized foreign exchange gains were $8,174 and $1,046, respectively.

2) Interest rate risk

The Group's bank loans carried floating interest rates. To manage the interest rate risk, the Group periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Group also strengthens the management of working capital to reduce the dependence on bank loans, as well as the risk arising from fluctuation of interest rates.

Please refer to note 6(x)(ii) for the interest rate risk exposure of financial liabilities. The following sensitivity analysis is based on the risk exposure to floating-interest-rate on the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Group is based on 100 basis points (1%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the years ended December 31, 2022 and 2021 would have been $3,299 and $877, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

(y) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources and business plans to fund its future working capital needs, capital expenditures, repayment of debts, dividend payments, and other business requirements. The management determines the optimal capital structure by utilizing the appropriate debt-to-equity ratio to enhance long-term shareholder value on the basis of a stable capital structure.

(z) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities was as follows:

				Non-cash changes			
	January 1, 2022	**Cash flows**	**Acquisition through business combination**	**Effect of foreign exchange rate**	**Additions to lease liabilities**	**Disposals of lease liabilities**	**December 31, 2022**
Short-term borrowings	$ 87,723	18,221	122,161	1,130	-	-	229,235
Long-term debt (including current portion)	-	99,867	792	(6)	-	-	100,653
Lease liabilities	20,576	(15,806)	5,464	256	35,717	(9,754)	36,453
Total liabilities from financing activities	**$ 108,299**	**102,282**	**128,417**	**1,380**	**35,717**	**(9,754)**	**366,341**

			Non-cash changes			
	January 1, 2021	Cash flows	Effect of foreign exchange rate	Additions to lease liabilities	Disposals of lease liabilities	December 31, 2021
Short-term borrowings	$ 98,876	(11,204)	51	-	-	87,723
Lease liabilities	33,157	(18,391)	67	10,429	(4,686)	20,576
Total liabilities from financing activities	**$ 132,033**	**(29,595)**	**118**	**10,429**	**(4,686)**	**108,299**

7. Related-party transactions

(a) Parent company and ultimate controlling party

DFI Inc. ("DFI") is the parent company of the Group and owns 48.06% of the outstanding shares of the Company as of both December 31, 2022 and 2021. 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.

Name of related party	Relationship with the Group
Qisda Corporation ("Qisda")	The Group's ultimate controlling party
DFI Inc. ("DFI")	The Group's parent company
Qisda Optronics (Suzhou) Co., Ltd. ("QCOS")	Qisda's subsidiary
Qisda (Suzhou) Co., Ltd. ("QCSZ")	Qisda's subsidiary
Suzhou BenQ Hospital Co., Ltd. ("SMH")	Qisda's subsidiary
BenQ Material Corp. ("BMC")	Qisda's subsidiary
BenQ Corp. ("BenQ")	Qisda's subsidiary
BenQ Co., Ltd. ("BQC")	Qisda's subsidiary (Note 1)
BenQ Technology (Shanghai) Co., Ltd. ("BQls")	Qisda's subsidiary
BenQ Asia Pacific Corp. ("BQP")	Qisda's subsidiary
BenQ Healthcare Corporation ("BHS")	Qisda's subsidiary
Metaguru Corporation ("MRU") (formerly BenQ GURU Corp.)	Qisda's subsidiary
Guru Systems (Suzhou) Co., Ltd. ("GSS")	Qisda's subsidiary
BenQ Intelligent Technology (Shanghai) Co., Ltd. ("BQC_RO")	Qisda's subsidiary
MetaAge Corporation ("MetaAge") (formerly Sysage Technology Co., Ltd.)	Qisda's subsidiary
AdvancedTEK International Corp. ("AdvancedTEK")	Qisda's subsidiary
Golden Spirit Co., Ltd. ("GSC")	Qisda's subsidiary
Concord Medical Co., Ltd. ("Concord")	Qisda's subsidiary
Partner Tech Corp. ("PTT")	Qisda's subsidiary
Darly Venture Inc. ("APV")	Qisda's subsidiary

Name of related party	Relationship with the Group
Darly2 Venture Co., Ltd. ("Darly 2")	Qisda's subsidiary
Darly Consulting Corporation ("Darly C")	Qisda's subsidiary
Visco Vision Inc. ("Visco Vision")	Qisda's associate
AU Optronics Corp. ("AU")	Qisda's associate/ AU accounted the investment in Qisda using the equity method. (Note 2)
AU Optronics (Kunshan) Co., Ltd. ("AUKS")	AU's subsidiary (Note 2)
AU Optronics (Xiamen) Corp. ("AUXM")	AU's subsidiary (Note 2)
AU Optronics (Suzhou) Corp. ("AUSZ")	AU's subsidiary (Note 2)
AUO Crystal Corp. ("ACTW")	AU's subsidiary (Note 2)
AUO Education Service Corp.	AU's subsidiary (Note 2)
Darwin Precisions Corporation ("Darwin")	AU's subsidiary (Note 2)
Yan Ying Hao Trading (ShenZhen) Co., Ltd. ("DYTH")	DFI's subsidiary
Darfon Electronics (Suzhou) Co., Ltd. ("DFS")	DFN's subsidiary
Global Intelligence Network Co., Ltd. ("Ginnet")	MetaAge's subsidiary

Note 1: BenQ disposed the entire ownership of BQC on September 30, 2022 and therefore BQC was no longer a related party of the Group.

Note 2: Prior to May 12, 2021, AU was an associate of Qisda. Since May 12, 2021, AU was no longer an associate of Qisda. Since January 2021, AU accounted the investment in Qisda using the equity method.

(c) Significant related-party transactions

(i) Revenue

	2022	2021
Ultimate controlling party	$ 43,094	44,577
Parent company	-	2,750
Other related parties	51,466	11,257
	$ 94,560	**58,584**

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.

(ii) Purchases

	2022	2021
Parent company	$ 14,302	9,558
Other related parties	7,213	17,607
	$ 21,515	**27,165**

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

(iii) Receivables

Account	Related-party categories		December 31, 2022	December 31, 2021
Accounts receivable	Ultimate controlling party	$	11,836	25,016
	Parent company		-	-
	Other related parties		13,273	2,450
		$	**25,109**	**27,466**

(iv) Payables

Account	Related-party categories		December 31, 2022	December 31, 2021
Notes and accounts payable	Parent company	$	1,684	3,953
	Other related parties		32	7,407
Other payables	Ultimate controlling party		177	735
	Parent company		700	700
	Other related parties		535	307
		$	**3,128**	**13,102**

(v) Lease

The Group leased office from BQC and Qisda and the rent is paid monthly with reference to the nearby office rental rates. For the years ended December 31, 2022 and 2021, the related interest expense on lease liabilities amounted to $49 and $107, respectively. As of December 31, 2022 and 2021, the balance of the lease liabilities amounted to $611 and $1,805, respectively.

(vi) Equity transaction

Referring to note 6(i), on July 1, 2022, the Group acquired 83% equity ownership of AEG from Qisda’s subsidiaries, APV, Darly 2 and Darly C, for a cash consideration of $26,560. In addition, the Group acquired 17% ownership of AEG from AU for a cash consideration of $5,440. The related payables have been fully paid as of December 31, 2022.

(d) Compensation for key management personnel

		2022	2021
Short-term employee benefits	$	20,851	24,578
Post-employment benefits		203	268
	$	**21,054**	**24,846**

8. Pledged assets

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

Pledged assets	Pledged to secure	December 31, 2022	December 31, 2021
Pledged time deposits (recognized in financial assets measured at amortized cost－current)	Guarantee payment for import VAT	$ 616	-
Other equipment	Credit lines of bank loans	199	-
Notes receivable	Short-term borrowings	111,803	18,196
Property, plant and equipment	Guarantee payment for procurement	29,979	-
		$ 142,597	18,196

9. Significant commitments and contingencies

As of December 31, 2022 and 2021, the Group had issued promissory notes amounting to $2,286,380 and $1,938,400, respectively, as collateral for obtaining credit facilities from financial institutions.

10. Significant losses due to major disasters: None

11. Significant subsequent events: None

12. Others:

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

	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	4,834	331,317	336,151	11,925	260,920	272,845
Insurance	326	35,710	36,036	741	25,257	25,998
Pension	193	22,313	22,506	439	16,639	17,078
Others	204	12,813	13,017	445	10,444	10,889
Depreciation	8,482	31,729	40,211	15,560	27,420	42,980
Amortization	-	11,018	11,018	-	1,307	1,307

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: Table 2 (attached)

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities): Table 3 (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: Table 4 (attached)

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: Table 5 (attached)

(ix) Information about derivative instrument transactions: Please refer to note 6(b)

(x) Business relationships and significant intercompany transactions: Table 6 (attached)

(b) Information on investees: Table 7 (attached)

(c) Information on investment in Mainland China: Table 8 (attached)

(d) Major shareholders:

Shareholding / Major Shareholder's Name	Shares	Percentage
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 %

14. Segment information

(a) General 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 an agent for the sale of inverters and automation control and mechanical transmission systems in Taiwan, while the China operating segment is an agent 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 engages mainly in the trading of semiconductor, optoelectronic equipment and consumables in Taiwan and China. The energy saving and storage segment engages mainly 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. 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 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:

	2022						
	Taiwan	Mainland China	Sales and service of semiconductor equipment material	Energy saving and storage	Others	Adjustments and eliminations	Total
External revenue	$ 1,290,262	1,504,751	548,580	349,631	69,197	-	3,762,421
Intra-group revenue	6,486	379,520	9,230	-	-	(395,236)	-
Total segment revenue	**$ 1,296,748**	**1,884,271**	**557,810**	**349,631**	**69,197**	**(395,236)**	**3,762,421**
Segment profit (loss)	**$ 113,828**	**(66,351)**	**55,287**	**32,538**	**2,667**	**(9,346)**	**128,623**

	2021					
	Taiwan	Mainland China	Energy saving and storage	Others	Adjustments and eliminations	Total
External revenue	$ 1,614,977	1,927,549	107,812	8,366	-	3,658,704
Intra-group revenue	11,584	467,819	-	-	(479,403)	-
Total segment revenue	**$ 1,626,561**	**2,395,368**	**107,812**	**8,366**	**(479,403)**	**3,658,704**
Segment profit (loss)	**$ 119,319**	**72,989**	**1,956**	**(259)**	**(3,012)**	**190,993**

(b) Product information

Revenues from external customers are detailed below:

Products and services		**2022**	**2021**
Automation control	$	1,692,653	2,083,880
Mechanical transmission		1,167,569	1,461,821
Sales and services of semiconductor equipment material		548,580	-
Energy management products		349,631	107,812
Others		3,988	5,191
	$	**3,762,421**	**3,658,704**

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of business, and segment assets are based on the geographical location of the assets.

Products and services		**2022**	**2021**
Revenues from external customers are detailed below:			
Mainland China	$	1,731,661	1,927,549
Taiwan		1,705,227	1,722,789
Europe		256,336	-
Others		69,197	8,366
	$	**3,762,421**	**3,762,421**

Non-current assets:

Products and services		**2022**	**2021**
Mainland China	$	56,153	64,241
Taiwan		562,000	350,691
Europe		2,127	-
Others		11,686	12,220
	$	**631,966**	**427,152**

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other assets, but do not include financial instruments and deferred income tax assets.

(d) Major customer information

The Company does not have a single customer representing at least 10% of revenue in the statements of comprehensive income.

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Financing provided to other parties
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars, 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	309,505	220,285	176,228	0%	2	-	Operating requirement	-	-	-	409,634	819,268
0	The Company	Suzhou Super Pillar	Other receivables from related parties	Yes	121,278	88,114	30,840	0%	2	-	Operating requirement	-	-	-	409,634	819,268
1	STC	Intelligent fluids GmbH	Other receivables	No	625	-	-	20%	1	659	Business transactions	-	-	-	16,803	33,605
2	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	22,551	21,511	21,511	0%	2	-	Operating requirement	-	-	-	580,218	580,218
3	Porton Inc.	Tianjin Ace Pillar	Other receivables from related parties	Yes	12,886	12,292	12,292	0%	2	-	Operating requirement	-	-	-	459,880	459,880

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 STC shall not exceed 20% and 10%, respectively, of the most recent net worth of the Company.
Note 3: The aggregate financing amount and the individual financing amount of subsidiaries 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 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
Guarantee and endorsement provided to other parties
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 2

No.	Endorsement/ Guarantee Provider	Guarantee Party		Limitation on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	Tianjin Ace Pillar	2	819,268	190,125	-	-	-	-	1,024,085	Y	N	Y

Note 1: The endorsement/guarantee amount provided in aggregate shall not exceed 50% of the most recent audited or reviewed net worth of the Company or subsidiaries, within which the endorsement/guarantee amount provided to individual guarantee party shall not exceed 40% of the abovementioned net worth of the Company or subsidiaries.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:
2 for entities directly or indirectly owned by the Company over 50%

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities)
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars / shares / units, unless specified otherwise)

Table 3

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2022				Maximum percentage of ownership during 2022		Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair value	Shares	Percentage of Ownership	
STC	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income －non-current	27	Note 1	2.64%	-	27	2.64%	-
STC	Stock: COMPITEK CORP PTE LTD. (CPL)	-	Financial assets at fair value through other comprehensive income －non-current	36	1,434	6.28%	1,434	36	6.28%	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost－ non-current	USD 100	3,212	-	3,212	USD 100	-	-

Note 1: The impairment loss was fully recognized.

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 4

Company Name	Related Party	Nature of Relationship	Transnsaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/Accounts Receivable or (Payable)	
Advancedtek Ace	Tianjin Ace Pillar	Affiliates	(Sales)	(374,578)	(99.84)%	T/T 30 days	-	-	12,555	88.77%	Note
Tianjin Ace Pillar	Advancedtek Ace	Affiliates	Purchases	374,578	34.35%	T/T 30 days	-	-	(12,555)	(14.39)%	Note

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Receivables from related parties which exceed $100 million or 20% of the paid-in capital
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 5

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate Amount	Overdue		Amounts Received in Subsequent Period	Loss Allowance
					Amount	Action Taken		
The Company	Tianjin Ace	Parent/Subsidiary	176,228	-	-		-	-

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Business relationships and significant intercompany transactions
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 6

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	176,228	1 year	5.31%
1	Advancedtek Ace	Tianjin Ace Pillar	3	Revenue	374,578	T/T 30 days	9.96%

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: 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
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars / shares, unless specified otherwise)

Table 7

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note)		Balances as of December 31, 2022			Maximum percentage of ownership during 2022		Net Income (Loss) of the Investee	Share of Profit/ (Losses) of the Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	Cyber South	SAMOA	Investment and holding activity	107,041	107,041	4,669	100.00%	580,218	4,669	100.00%	(56,336)	(56,787)	Note 1
The Company	Hong Kong Ace Pillar	Hong Kong	Sales of automation mechanical transmission system and component	5,120	5,120	1,200	100.00%	47,336	1,200	100.00%	3,068	3,068	Note 1
Cyber South	Proton	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	459,880	17,744	100.00%	(61,249)	Note 2	Note 1
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	2,176	150	100.00%	2,787	Note 2	Note 1
The Company	STC	Taiwan	Sales of semiconductor, optoelectronics and m achinery equipment and equipment repair	187,000	-	4,680	60.00%	209,788	4,680	60.00%	45,262	21,778	Note 1
STC	STC	B.V.I.	Investment and holding activity	21,727	-	600	100.00%	114,895	600	100.00%	19,354	Note 2	Note 1
The Company	BWA	Germany	Sale and service of energy management products	-	-	-	-	-	Note 3	100.00%	15,766	11,604	Note 1
AEG	BWA	Germany	Sale and service of energy management products	138,804	-	Note 3	100.00%	144,174	Note 3	100.00%	15,766	Note 2	Note 1
The Company	AEG	Taiwan	Service of energy technology	166,760	-	4,993	99.86%	175,085	10,000	100.00%	12,782	8,681	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 was no shares as the company is a limited liability company.

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Information on investment in Mainland China
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 8

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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2022		Investment Income (Loss) (Note 5)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow				Shares	Percentage of Ownership			
Tianjin Ace Pillar	Sales of automation mechanical transmission system and component	1,084,677 (USD 35,297)	Direct and indirect investment	59,924 (USD 1,950)	-	-	59,924 (USD 1,950)	(74,508)	100.00%	Note 4	100%	(74,508)	545,110	125,533
Grace Transmission	Manufacture of automation mechanical transmission system and component	7,358 (RMB 1,670)	Indirect investment	4,917 (USD 160)	-	-	4,917 (USD 160)	(2,951)	100.00%	Note 4	100%	(2,951) (USD (106))	4,163 (USD 135)	-
Advancedtek Ace	Electronic system integration	9,219 (USD 300)	Indirect investment	4,610 (USD 150)	-	-	4,610 (USD 150)	2,787	100.00%	Note 4	100%	2,787 (USD 98)	2,149 (USD 70)	-
Suzhou Super Pillar	Manufacture of automation mechanical transmission system and component	44,559 (USD 1,450)	Indirect investment	Note 2	-	-	Note 2	7,917	100.00%	Note 4	100%	7,917 (USD 268)	107,855 (USD 3,510)	-
Xuchang Ace	Wholesale of industrial robot and component	9,219 (USD 300)	Indirect investment	Note 2	-	-	Note 2	(75)	Note 3	Note 4	100%	(75) (USD (3))	-	-
Shanghai STC	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	14,750 (USD 480)	Indirect investment	14,750 (USD 480)	-	-	14,750 (USD 480)	21,485	100.00%	Note 4	100%	17,309	111,566	118,686

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: The dissolution of Xuchang Ace was approved by the Board of Directors in November 2021 and the liquidation procedures were completed in June, 2022.
Note 4: There was no shares as the company is a limited liability company.
Note 5: Investment income or loss recognized based on the financial statements audited by the auditors of the Company.
Note 6: The amounts were translated into New Taiwan dollars at the exchange rates of US$1=NT$30.73 and CNY$1=NT$4.4057.

2. Limits on investments in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
ACE	157,307 (USD 5,119)	157,307 (USD 5,119)	1,282,505
STC	14,750 (USD 480)	14,750 (USD 480)	100,816

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 dollars at the exchange rates of US$1=NT$30.73.
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.

Independent Auditors' Report

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

Opinion

We have audited the parent-company-only financial statements of Ace Pillar Co., Ltd., which comprise the parent-company-only balance sheets as of December 31, 2022 and 2021 (restated), and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of Ace Pillar Co., Ltd. as of December 31, 2022 and 2021 (restated), and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of Ace Pillar Co., Ltd. in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

As stated in note 6(g), Ace Pillar Co., Ltd. acquired 100% equity ownership of Qisda Corporation's subsidiary, ACE Energy Co., Ltd., by cash on July 1, 2022. Pursuant to the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. Ace Pillar Co., Ltd. restated the parent-company-only financial statements for the year ended December 31, 2021, accordingly. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the parent-company-only financial statements for the year ended December 31, 2022 are stated as follows:

1. Investments in subsidiaries

   Refer to Note 4(i) and (q) for accounting policy on investments in subsidiaries and business combinations and Note 6(g) for related disclosures of the notes to the parent-company-only financial statements.

   Description of key audit matter:

   For the year ended December 31, 2022, Ace Pillar Co., Ltd. acquired 60% equity ownership of Standard Technology Corp. ("STC") and 100% equity ownership of BlueWalker GmbH ("BWA"), wherein Ace Pillar Co., Ltd. obtained control over STC and BWA. To adopt accounting treatment of business combination, the management needs to assess and determine the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Accordingly, the assessment of business combination has been identified as one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, our principal audit procedures included obtaining the purchase price allocation report with the valuation on intangible assets conducted by an external expert engaged by the management; evaluating the acquired assets and liabilities identified by the management including any fair value adjustment at the acquisition date. In doing so, we have consulted internal valuation specialists to assist us in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition have been made.

2. Assessment of impairment of goodwill from investments in subsidiaries

   Refer to Note 4(m) for accounting policy on impairment of non-financial assets, Note 5 for uncertainty of accounting estimations and assumptions for goodwill impairment, and Note 6(g) for related disclosures of the notes to the parent-company-only financial statements.

   Description of key audit matter:

   Goodwill arising from the acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using equity method, is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management's judgment and estimation with respect to key assumptions which are subjective and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results; and assessing the adequacy of disclosures of related information on evaluation of goodwill.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing Ace Pillar Co., Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Ace Pillar Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Ace Pillar Co., Ltd.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ace Pillar Co., Ltd.'s internal control.

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ace Pillar Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ace Pillar Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investees accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 1, 2023

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the 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 audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent-company-only 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' audit report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021 (Restated)	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 115,701	5	338,373	13
1150-1170	Notes and accounts receivable, net (notes 6(c) and (q))	291,431	12	461,845	18
1180	Accounts receivable from related parties (notes 6(c), (q) and 7)	6,688	-	14,498	1
1200	Other receivables (note 6(d))	362	-	420	-
1210	Other receivables from related parties (notes 6(d) and 7)	207,068	9	193,760	8
1300	Inventories (note 6(e))	272,290	11	306,403	12
1461	Non-current assets held for sale (note 6(f))	-	-	73,452	3
1410-1470	Prepayments and other current assets	4,521	-	10,266	-
	Total current assets	898,061	37	1,399,017	55
	Non-current assets:				
1550	Investments accounted for using the equity method (notes 6(g) and 7)	1,105,368	45	790,733	31
1600	Property, plant and equipment (note 6(h))	382,537	16	311,265	13
1755	Right-of-use assets (note 6(i))	28,054	1	5,371	-
1780	Intangible assets (note 6(j))	10,263	-	4,167	-
1840	Deferred income tax assets (note 6(n))	8,698	-	9,079	-
1900	Other non-current assets	11,330	1	29,389	1
	Total non-current assets	1,546,250	63	1,150,004	45
	Total assets	$ 2,444,311	100	2,549,021	100

		December 31, 2022		December 31, 2021 (Restated)	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2120	Financial liabilities at fair value through profit or loss—current (note 6(b))	$ 1,058	-	-	-
2130	Contract liabilities—current (note 6(q))	4,064	-	2,116	-
2150-2170	Notes and accounts payable	139,237	6	313,659	13
2180	Accounts payable to related parties (note 7)	1,673	-	3,953	-
2200	Other payables	38,719	2	52,000	2
2220	Other payables to related parties (note 7)	1,141	-	1,054	-
2230	Current income tax liabilities	12,864	1	16,130	1
2280	Lease liabilities—current (note 6(l))	6,269	-	2,562	-
2300	Other current liabilities	7,239	-	6,929	-
	Total current liabilities	212,264	9	398,403	16
	Non-current liabilities:				
2540	Long-term debt (note 6(k))	100,000	4	-	-
2570	Deferred income tax liabilities (note (n))	61,085	2	74,358	3
2580	Lease liabilities—non-current (note 6(l))	22,791	1	2,856	-
	Total non-current liabilities	183,876	7	77,214	3
	Total liabilities	396,140	16	475,617	19
	Equity (note 6(o)):				
3110	Common stock	1,122,505	46	1,122,505	44
3200	Capital surplus	312,233	13	315,077	12
3300	Retained earnings	649,360	26	672,018	26
3400	Other equity	(35,927)	(1)	(56,506)	(2)
	Total equity	2,048,171	84	2,053,094	80
35XX	**Equity attributable to former owner of business combination under common control**	-	-	20,310	1
	Total equity	2,048,171	84	2,073,404	81
	Total liabilities and equity	$ 2,444,311	100	2,549,021	100

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021 (Restated)	
		Amount	%	Amount	%
4000	**Operating revenue (notes (q) and 7)**	$ 1,296,748	100	1,626,561	100
5000	**Operating costs (notes 6(e), (h) and 7)**	(1,024,809)	(79)	(1,296,544)	(80)
	Gross profit	271,939	21	330,017	20
	Operating expenses (notes 6(c), (h), (i), (j), (l), (m), (r), 7 and 12):				
6100	Selling expenses	(119,666)	(9)	(126,351)	(8)
6200	Administrative expenses	(91,199)	(7)	(83,788)	(5)
6450	Gains on reversal of impairment loss (expected credit loss)	287	-	970	-
	Total operating expenses	(210,578)	(16)	(209,169)	(13)
	Operating income	61,361	5	120,848	7
	Non-operating income and loss (notes 6(g), (l), (s) and 7):				
7100	Interest income	521	-	2,264	-
7010	Other income	1,223	-	2,271	-
7020	Other gains and losses, net	52,044	4	(5,846)	-
7050	Finance costs	(1,321)	-	(218)	-
7070	Share of profits (losses) of subsidiaries	(20,966)	(2)	67,673	4
	Total non-operating income and loss	31,501	2	66,144	4
	Income before income tax	92,862	7	186,992	11
7950	**Less: Income tax expense (note 6(n))**	(10,515)	(1)	(37,474)	(2)
	Net income	82,347	6	149,518	9
	Other comprehensive income (note 6(o)):				
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	20,579	2	2,134	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		20,579	2	2,134	-
	Other comprehensive income for the year, net of income tax	20,579	2	2,134	-
8500	**Total comprehensive income for the year**	**$ 102,926**	**8**	**151,652**	**9**
	Net income attributable to:				
8610	Shareholders of the Company	$ 78,953	6	147,895	9
	Former owner of business combination under common control	3,394	-	1,623	-
		$ 82,347	**6**	**149,518**	**9**
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	$ 99,532	8	150,029	9
	Former owner of business combination under common control	3,394	-	1,623	-
		$ 102,926	**8**	**151,652**	**9**
	Earnings per share (in New Taiwan dollars) (note 6(p)) :				
9750	Basic earnings per share	**$ 0.70**		**1.32**	
9850	Diluted earnings per share	**$ 0.70**		**1.32**	

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences	Equity attributable to former owner of business combination under common control	Total equity
Balance at January 1, 2021 (restated)	$ 1,122,505	315,077	247,286	78,028	266,159	591,473	(58,640)	18,687	1,989,102
Net income in 2021	-	-	-	-	147,895	147,895	-	1,623	149,518
Other comprehensive income in 2021	-	-	-	-	-	-	2,134	-	2,134
Total comprehensive income in 2021	-	-	-	-	147,895	147,895	2,134	1,623	151,652
Appropriation of earnings:									
Legal reserve	-	-	10,981	-	(10,981)	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(67,350)	(67,350)	-	-	(67,350)
Balance at December 31, 2021 (restated)	1,122,505	315,077	258,267	78,028	335,723	672,018	(56,506)	20,310	2,073,404
Net income in 2022	-	-	-	-	78,953	78,953	-	3,394	82,347
Other comprehensive income in 2022	-	-	-	-	-	-	20,579	-	20,579
Total comprehensive income in 2022	-	-	-	-	78,953	78,953	20,579	3,394	102,926
Appropriation of earnings:									
Legal reserve	-	-	14,790	-	(14,790)	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(101,026)	(101,026)	-	-	(101,026)
Other changes in capital surplus	-	1	-	-	-	-	-	-	1
Difference between consideration and the carrying amount arising from acquisition or disposal of shares of subsidiaries	-	-	-	-	(585)	(585)	-	-	(585)
Reorganization under common control	-	(2,856)	-	-	-	-	-	(23,704)	(26,560)
Share of changes in equity of subsidiaries	-	11	-	-	-	-	-	-	11
Balance at December 31, 2022	**$ 1,122,505**	**312,233**	**273,057**	**78,028**	**298,275**	**649,360**	**(35,927)**	**-**	**2,048,171**

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021 (Restated)
Cash flows from operating activities:		
Income before income taxes	$ 92,862	186,992
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	8,393	9,712
Amortization	3,120	1,307
(Reversal of) expected credit loss	(287)	(970)
Interest expense	1,321	218
Interest income	(521)	(2,264)
Share of loss (profit) of subsidiaries and associates	20,966	(67,673)
Gain on lease modifications	(26)	(1)
Gain on disposal of non-current assets held for sale	(23,829)	-
Total adjustments for profit or loss	9,137	(59,671)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	170,701	(71,527)
Accounts receivable from related parties	7,810	(6,557)
Other receivables	58	195
Other receivables from related parties	-	10
Inventories	34,113	(165,653)
Prepayments and other current assets	5,693	(7,668)
Net changes in operating assets	218,375	(251,200)
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	1,058	(288)
Notes and accounts payable	(174,422)	109,142
Accounts payable to related parties	(2,280)	3,362
Other payables	(13,294)	7,148
Contract liabilities	1,948	1,012
Other current liabilities	310	412
Net changes in operating liabilities	(186,680)	120,788
Total changes in operating assets and liabilities	31,695	(130,412)
Total adjustments	40,832	(190,083)
Cash provided by (used in) operations	133,694	(3,091)
Interest received	521	3,316
Income taxes paid	(26,620)	(6,072)
Net cash flows provided by (used in) operating activities	107,595	(5,847)

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Cash Flows (Continued)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities:		
Acquisition of investments accounted for using the equity method	(342,156)	-
Proceeds from disposal of non-current assets held for sale	46,401	-
Acquisition of property, plant and equipment	(25,429)	(261,133)
Acquisition of intangible assets	(9,216)	(5,474)
Decrease (increase) in refundable deposits	(63)	51
Increase in other receivables from related parties	(13,308)	(48,208)
Decrease (increase) in other non-current assets	18,122	(11,372)
Net cash flows used in investing activities	(325,649)	(326,136)
Cash flows from financing activities:		
Increase in short-term borrowings	190,000	-
Decrease in short-term borrowings	(190,000)	(2,618)
Proceeds from long-term debt	100,000	-
Payment of lease liabilities	(2,371)	(6,858)
Cash dividends distributed to shareholders	(101,026)	(67,350)
Interest paid	(1,221)	(219)
Net cash flows used in financing activities	(4,618)	(77,045)
Net decrease in cash and cash equivalents	(222,672)	(409,028)
Cash and cash equivalents at beginning of year	338,373	747,401
Cash and cash equivalents at end of year	$ **115,701**	**338,373**

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, 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 is primarily engaged in the tests, processing, sales, repairment and electromechanical integration of automation control and mechanical transmission system.

2. Authorization of the parent-company-only financial statements

These parent-company-only financial statements were authorized for issue by the Board of Directors on March 1, 2023.

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 Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(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 Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments have removed the requirement for a right to be unconditional and instead now require that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent-company-only financial position and parent-company-only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company 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 parent-company-only 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"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

ACE PILLAR CO., LTD.

Notes to the Parent-Company-Only Financial Statements

4. Summary of significant accounting policies:

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Company' s accompanying parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value through profit or loss (including derivative financial instruments).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The Company' s parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(iii) Business combination under common control

The business combinations under common control often occur as the ownership of a company change to another, with both companies being controlled by the same ultimate parent company. These combinations are treated as the later of either the earliest comparative period in financial statements or the date under common control to restate comparative information of prior period. Under common control, assets and liabilities are recognized at their original carrying amount. The parent-company-only financial statements do not recognize the goodwill or the fair value of acquirer' s share of the acquiree' s interest in the acquiree' s identifiable assets, liabilities, and contingent liabilities in excess of the common controlled carrying amount.

In preparing the parent-company-only balance sheet, the equity from acquisition is recognized in "equity attributable to the former owner of business combination under common control". In preparing the parent-company-only statements of comprehensive income, the profit or loss which belongs to former controlling shareholders is recorded as "profit (loss) attributable to the former owner of business combination under common control".

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Company's parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Company's parent-company-only financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

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

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

(i) It is expected to be realized, or sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting date; or
(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(f) Financial instruments

Accounts receivable is initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, financial assets are classified as measured at amortized cost. A regular way purchases or sales of financial assets is recognized or derecognized on a trade-date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

3) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, " principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company' s claim to cash flows from specified assets (e.g. non-recourse features)

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following financial assets which are measured using 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company measures loss allowances for accounts receivable at an amount equal to lifetime ECL.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the All financial assets not classified as considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Company's historical experience and credit assessment, as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights of the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets; in these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity transactions

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received, less, the direct issuing cost.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Company uses derivative financial instrument to hedge its foreign currency exposures. Derivatives are initially measured at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and included in non-operating income and loss. If the valuation of a derivative instrument is in a positive fair value, it is classified as a financial asset, otherwise, it is classified as a financial liability.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes expenditure incurred in bringing them to the location and condition ready for sale. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(h) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale. Non-current assets or disposal groups under this classification must be available for instant sale, which is highly probable within a year under current condition. The assets are measured at the lower of their carrying amount and fair value, less, costs to sell and are no longer amortized or depreciated when they are classified as held for sale.

(i) Investments in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company is accounted for using the equity method. Under equity method, profit or loss, and other comprehensive income recognized in parent-company-only financial statement is in line with total comprehensive income attributable to the shareholders of the Company in the consolidated financial statements. In addition, changes in equity recognized in the parent-company-only financial statements is in line with the changes in equity attributable to shareholders of the Company in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control as accounted for within equity.

(j) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated. The estimated useful lives for property, plant and equipment are as follows: other equipment: 3 to 5 years; buildings are depreciated over the following useful lives of significant individual components: main structure: 10 to 54 years and mechanical, electrical power equipment and other equipment: 10 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Leases

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

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Company's assessment on whether it will exercise a extension an option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or
- there is any lease modification in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the parent-company-only balance sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for the short-term and low-value leases for transportation equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

For operating lease, the Company recognizes rental income on a straight-line basis over the lease term.

(l) Intangible assets

The Company's intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the following estimated useful lives: acquired software: 3 to 5 years.

The residual value, amortization period, and amortization method are reviewed at least at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(m) Impairment of non-financial assets

Non-financial assets other than inventories and deferred income tax assets are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. When there exists an indication of impairment for an asset, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be determined, the Company estimates the recoverable amount of the CGU to which the asset has been allocated.

The recoverable amount for an individual asset or a CGU is the higher of its fair value, less, costs to sell or its value in use. When the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss immediately.

The Company assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased. If so, an impairment loss recognized in prior periods for an asset other than goodwill is reversed, and the carrying amount of the asset or CGU is increased to its revised estimate of recoverable amount. The increased carrying amount shall not exceed the carrying amount (net of amortization of depreciation) that would have been determined had no impairment loss been recognized in prior years.

(n) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer.

(i) Sale of goods

The Company recognizes revenue when control of the goods has been transferred to the customer, being when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer, and the payment by the customer, exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Business combinations

The Company accounts for business combinations using the acquisition method. Goodwill is measured as the excess of the acquisition-date fair value of consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If residual balance is negative, the Company shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

Non-controlling interests in an acquire that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's net identifiable assets. All other non-controlling interest is measured at its acquisition date fair value or other measurement basis in accordance with Taiwan-IFRSs.

(r) Earnings per share ("EPS")

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares are employee stock options or profit sharing for employees to be settled in the form of common stock.

(s) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

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

The preparation of the parent-company-only financial statements 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and the future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

Assessment of impairment of goodwill from investments in subsidiaries

The assessment of impairment of goodwill, which are included in the carrying amount of investments accounted for using equity method, requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Please refer to note 6(g) for further information of the assessment of impairment of goodwill

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 235	237
Demand deposits and checking accounts	115,466	338,136
	$ 115,701	**338,373**

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

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss:		
Foreign currency forward contracts	$ (64)	-
Foreign exchange swaps	(994)	-
	$ (1,058)	**-**

The Company 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

	December 31, 2022		
	Contract amount (in thousands)		Maturity period
USD Buy / CNY Sell	USD	950	2023/01
USD Buy / EUR Sell	USD	800	2023/01

(ii) Foreign exchange swaps

	December 31, 2022		
	Contract amount (in thousands)		Maturity period
TWD Buy / CNY Sell	CNY	47,000	2023/01

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

(c) Notes and accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	$ 46,713	60,456
Accounts receivable (including related parties) measured at amortized cost	252,946	417,822
Less: loss allowance	(1,540)	(1,935)
	$ 298,119	**476,343**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. Analysis of expected credit losses on notes and accounts receivable was as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 278,001	0%	-
Past due 1-90 days	18,476	0%~0.47%	86
Past due 91-180 days	993	0%~11.08%	110
Past due 181-270 days	845	0%~36.57%	-
Past due over 271 days	1,344	100%	1,344
	$ 299,659		**1,540**

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 455,107	0%	-
Past due 1-90 days	21,213	0.01%~0.04%	-
Past due 91-180 days	23	0.4%~26%	-
Past due over 271 days	1,935	100%	1,935
	$ 478,278		**1,935**

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

	2022	2021
Balance at January 1	$ 1,935	7,003
Reversal of impairment loss	(287)	(970)
Write-off	(285)	(4,098)
Insurance claims for accounts receivable	177	-
Balance at December 31	**$ 1,540**	**1,935**

(d) Other receivables (including related parties)

	December 31, 2022	December 31, 2021
Other receivables－loans to subsidiaries	$ 207,068	193,760
Others	362	420
Less: loss allowance	-	-
	$ 207,430	**194,180**

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

(e) Inventories

	December 31, 2022	December 31, 2021
Merchandise inventory	**$ 272,290**	**306,403**

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

	2022	2021
Cost of inventories sold	$ 1,022,243	1,302,069
Write-downs (reversal) of inventories	2,428	(8,682)
Losses on scrap of inventories	-	3,157
	$ 1,024,671	**1,296,544**

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 and disposal of slow-moving inventories to the extent of the write-downs of inventories to net realizable value.

(f) Non-current assets classified as held for sale

In May 2021, the Company's Board of Directors approved a resolution to dispose of land and buildings located at Sanchong District of New Taipei City. The assets amounting to $73,452 were classified as non-current assets held for sale. Part of the abovementioned assets have been sold in January and June 2022, of which the considerations amounted to $46,941 and the carrying amounts amounted to $22,572.

For the year ended December 31, 2022, under the impact of Covid-19 pandemic and the overall economic environment, the management assessed that the abovementioned assets no longer meet the criteria of classification of assets as held for sale. Therefore, the asset amounting to $50,880 was reclassified to property, plant and equipment. The reclassification would not have a significant impact on the Company's financing and operating activities for the years ended December 31, 2022 and 2021.

(g) Investments accounted for using the equity method

A summary of the Company's investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 1,105,368	790,733

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2022.

The Company's share of profits (losses) of investments accounted for using the equity method was as follows:

	2022	2021
Subsidiaries	$ (20,966)	67,673

(ii) Acquisition of subsidiary－Standard Technology Corp. and its subsidiaries

1) Consideration transferred

On March 1, 2022 (the acquisition date), the Company acquired 4,680 thousand shares of Standard Technology Corp. ("STC"), constituting 60% of equity ownership of STC, for a cash consideration of $187,000 and obtained control over it since then. Thereafter, STC has been included in the consolidated entities since the acquisition date. STC and its subsidiaries are primarily engaged in the trading of semiconductor, optoelectronics equipment and consumables and equipment repair services. The acquisition of STC enables the Company to optimize its business deployment in the semiconductor industry, expand its business capacity and provide customers with a full range of products and services.

2) Identifiable net assets acquired in a business combination

The fair value of identifiable assets acquired and liabilities assumed from the acquisition on the acquisition date and the measurement of goodwill at initial recognition are as follows:

Consideration transferred:		
Cash		$ 187,000
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of the identifiable net assets)		79,375
Less: Identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 164,493	
Notes and accounts receivable, net	124,853	
Inventories	112,226	
Other current assets	6,750	
Financial assets at amortized cost－non-current	21,127	
Financial assets at fair value through other comprehensive income－non-current	1,434	
Property, plant and equipment	2,841	
Right-of-use assets	5,521	
Intangible assets－computer software	1,039	
Intangible assets－customer relationship	92,585	
Deferred income tax assets	2,235	
Other non-current assets	699	
Short-term borrowings	(122,161)	
Accounts payable	(65,200)	
Other payables	(75,849)	
Contract liabilities－current	(12,069)	
Other current liabilities	(6,145)	
Lease liabilities (including current and non-current)	(5,464)	
Deferred income tax liabilities	(44,806)	
Other non-current liabilities	(5,671)	198,438
Goodwill		**$ 67,937**

The Company continuously reviews the abovementioned items during the measurement period. As of December 31, 2022, intangible assets－ customer relationship, non-controlling interests and other net liabilities decreased by $18,509, $5,475 and $4,822, respectively, resulting in an increase of $8,212 in goodwill.

Intangible assets－ customer relationship are amortized on a straight-line basis over the estimated future economic useful life of 10.84 years.

Goodwill arising from the acquisition of STC is due to the profitability, the synergies of the business combination, future market development and value of assembled workforce. None of the goodwill recognized is expected to be deductible for income tax purposes.

Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

(iii) Acquisition of subsidiary－BlueWalker GmbH

1) Consideration transferred

On April 1, 2022 (the acquisition date), the Company acquired 100% ownership of BlueWalker GmbH (“ BWA”), for a cash consideration of $127,200 (EUR 4,000 thousand), and obtained control over it since then. Thereafter, BWA has been included in the consolidated entities since the acquisition date. BWA is primarily engaged in the sales and service of energy management products. The acquisition of BWA enables the Company to enhance product diversification and expand sales regions, and to improve overall operating efficiency.

2) Identifiable net assets acquired in a business combination

The fair value of identifiable assets acquired and liabilities assumed from the acquisition on the acquisition date and the measurement of goodwill at initial recognition are as follows:

Consideration transferred:		
Cash		$ 127,200
Less: Identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 34,958	
Notes and accounts receivable, net	27,389	
Inventories	72,990	
Prepayments and other current assets	2,746	
Property, plant and equipment	636	
Intangible assets－computer software	18	
Intangible assets－customer relationship	12,151	
Intangible assets－patent	12,822	
Other non-current assets	1,273	
Accounts payable	(33,314)	
Other payables (including dividends payable)	(14,545)	
Current tax liabilities	(1,036)	
Contract liabilities－current	(624)	
Other current liabilities	(311)	
Current portion of long-term debt	(249)	
Long-term debt	(601)	
Deferred income tax liabilities	(4,994)	
Other non-current liabilities	(805)	108,504
Goodwill		**$ 18,696**

The Company continuously reviews the abovementioned items during the measurement period. As of December 31, 2022, intangible assets－customer relationship and non-controlling interests decreased by $4,285 and $857, respectively, resulting in an increase of $3,428 in goodwill.

Intangible assets－customer relationship and intangible assets－patent are amortized on a straight-line basis over the estimated future economic useful life of 9.75 years and 10 years, respectively.

Goodwill arising from the acquisition of BWA is due to the profitability, the synergies of the business combination, future market development and value of assembled workforce. None of the goodwill recognized is expected to be deductible for income tax purposes.

Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

(iv) Acquisition of subsidiary－ACE Energy Co., Ltd.

1) Consideration transferred

On July 1, 2022 (the acquisition date), the Company acquired 100% equity ownership of ACE Energy Co., Ltd. (“AEG”) (formerly BenQ ESCO Corp.), for a cash consideration of $32,000, and obtained control over it since then. AEG is primarily engaged in the service of energy technology. The acquisition of AEG enables the Company to respond to long-term operational development of the Company and enhance the capability of group integration.

2) Identifiable net assets acquired in a business combination

The carrying amount of identifiable assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

Consideration transferred:		
Cash		$ 32,000
Less: Identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 24,856	
Financial assets at amortized costs－current	6,000	
Notes and accounts receivable, net	17,355	
Prepayments and other current assets	2,389	
Property, plant and equipment	3,748	
Other non-current assets	793	
Accounts payable	(5,727)	
Other payables	(12,312)	
Contract liabilities－current	(6,029)	
Other current liabilities	(1,062)	
Lease liabilities－current	(1,452)	28,559
Capital surplus and retained earnings		**$ 3,441**

The combination is an organizational reorganization under common control. According, the difference between the consideration paid and the carrying amount of the net identifiable assets of AEG is debited to the capital surplus of $2,856 and retained earnings of $585.

(v) Impairment test on goodwill

The excess of the cost of acquiring an investment in a subsidiary over the Company's equity interest of the net fair value of the investee's identifiable assets acquired and liabilities assumed at the date of acquisition should be recorded as goodwill, and any impairment of goodwill should be recognized as a deduction from the carrying amount of the investments accounted for using equity method. For the year ended December 31, 2022, the carrying amount of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose were as follows:

	December 31, 2022
STC	$ 76,149
BlueWalker GmbH	22,124
	$ 98,273

Each CGU to which the goodwill is allocated represents the lowest level within the Company, at which the goodwill is monitored for internal management purpose. As of December 31, 2022, based on the results of impairment tests conducted by the Company, the recoverable amount of CGUs exceeded its carrying amount; as a result, no impairment loss was recognized. The recoverable amount of a CGU was determined based on the value in use.

The related key assumptions were as follows:

	December 31, 2022
STC:	
Revenue growth rate	5.78%~15%
Pre-tax discount rate	22.78%

	December 31, 2022
BlueWalker GmbH:	
Revenue growth rate	1%~4%
Pre-tax discount rate	23.77%

(i) The cash flow projections were based on future financial budgets, covering a period of 5 years, approved by management. Cash flows beyond that 5-year period have been extrapolated using 0% growth rate.

(ii) The estimation of discount rate is based on the weighted average cost of capital.

(h) Property, plant and equipment

		Land	Buildings	Transportation equipment and other equipment	Total
Cost:					
Balance at January 1, 2022	$	219,768	102,306	3,004	325,078
Additions		-	20,963	4,466	25,429
Disposals		-	-	(100)	(100)
Reclassification from non-current assets held for sale		37,159	21,454	-	58,613
Balance at December 31, 2022	**$**	**256,927**	**144,723**	**7,370**	**409,020**
Balance at January 1, 2021	$	89,594	57,982	3,971	151,547
Additions		181,650	79,483	-	261,133
Disposals		-	-	(967)	(967)
Reclassification to non-current assets held for sale		(51,476)	(35,159)	-	(86,635)
Balance at December 31, 2021	**$**	**219,768**	**102,306**	**3,004**	**325,078**
Accumulated depreciation:					
Balance at January 1, 2022	$	-	12,505	1,308	13,813
Depreciation		-	4,208	829	5,037
Disposals		-	-	(100)	(100)
Reclassification from non-current assets held for sale		-	7,733	-	7,733
Balance at December 31, 2022	**$**	**-**	**24,446**	**2,037**	**26,483**
Balance at January 1, 2021	$	-	23,598	1,513	25,111
Depreciation		-	2,090	762	2,852
Disposals		-	-	(967)	(967)
Reclassification to non-current assets held for sale		-	(13,183)	-	(13,183)
Balance at December 31, 2021	**$**	**-**	**12,505**	**1,308**	**13,813**
Carrying amount:					
Balance at December 31, 2022	**$**	**256,927**	**120,277**	**5,333**	**382,537**
Balance at December 31, 2021	**$**	**219,768**	**89,801**	**1,696**	**311,265**

(i) Right-of-use assets

		Buildings	Transportation equipment	Total
Cost:				
Balance at January 1, 2022	$	5,449	2,274	7,723
Additions		28,083	-	28,083
Disposals		(2,984)	(662)	(3,646)
Balance at December 31, 2022	**$**	**30,548**	**1,612**	**32,160**
Balance at January 1, 2021	$	11,727	2,216	13,943
Additions		4,911	1,539	6,450
Disposals		(11,189)	(1,481)	(12,670)
Balance at December 31, 2021	**$**	**5,449**	**2,274**	**7,723**

		Buildings	Transportation equipment	Total
Accumulated depreciation:				
Balance at January 1, 2022	$	1,392	960	2,352
Depreciation		2,563	793	3,356
Disposals		(1,327)	(275)	(1,602)
Balance at December 31, 2022	**$**	**2,628**	**1,478**	**4,106**
Balance at January 1, 2021	$	2,356	1,165	3,521
Depreciation		5,993	867	6,860
Disposals		(6,957)	(1,072)	(8,029)
Balance at December 31, 2021	**$**	**1,392**	**960**	**2,352**
Carrying amount:				
Balance at December 31, 2022	**$**	**27,920**	**134**	**28,054**
Balance at December 31, 2021	**$**	**4,057**	**1,314**	**5,371**

(j) Intangible assets

		Computer software
Cost:		
Balance at January 1, 2022	$	5,474
Additions		9,216
Balance at December 31, 2022	**$**	**14,690**
Balance at January 1, 2021	$	-
Additions		5,474
Balance at December 31, 2021	**$**	**5,474**
Accumulated amortization and impairment loss:		
Balance at January 1, 2022	$	1,307
Amortization		3,120
Balance at December 31, 2022	**$**	**4,427**
Balance at January 1, 2021	$	-
Amortization		1,307
Balance at December 31, 2021	**$**	**1,307**
Carrying amount:		
Balance at December 31, 2022	**$**	**10,263**
Balance at December 31, 2021	**$**	**4,167**

(k) Long-term debt

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 100,000	-
Unused credit facilities	$ 100,000	-
Interest rate	1.72%	-
Maturity year	2024	-

(l) Lease liabilities

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

	December 31, 2022	December 31, 2021
Current	$ 6,269	2,562
Non-current	$ 22,791	2,856

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expense on lease liabilities	$ 190	110
Expenses relating to short-term leases	$ 4,788	630

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

	2022	2021
Total cash outflows for leases	$ 7,349	7,598

(i) Real estate leases

The Company leases lands and buildings for its office, factory and warehouses. The leases for office, factory and warehouses typically run for a period of 3 to 5 years. For the lease of office, the Company has elected to apply exemption and not to recognize right-of-use assets and lease liabilities.

(ii) Other leases

The leases for transportation equipment typically run for a period of 2 to 3 years.

(m) Employee benefits

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount.

For the years ended December 31, 2022 and 2021, the Company recognized pension expenses of $4,940 and $4,972, respectively, in relation to the defined contribution plans.

(n) Income taxes

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

		2022	2021
Current income tax expense			
Current period	$	21,665	21,868
Adjustments for prior years		138	31
Surtax on undistributed earnings		1,604	-
		23,407	21,899
Deferred income tax expense (benefit)			
Origination and reversal of temporary differences		(12,892)	15,575
Income tax expense	$	**10,515**	**37,474**

For the years ended December 31, 2022 and 2021, there was no income tax expense recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense and income before income tax were as follows:

		2022	2021
Income before income tax	$	**92,862**	**186,992**
Income tax using the Company's statutory tax rate	$	18,572	37,398
Surtax on undistributed earnings		1,604	-
Investment income recorded under equity method		(6,092)	-
Adjustments for prior periods		138	31
Land transactions income exemption		(4,188)	-
Land value increment tax		169	-
Others		312	45
	$	**10,515**	**37,474**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

As the Company is able to control the timing of the reversal of the temporary differences associated with investments in certain subsidiaries as of December 31, 2022 and 2021, and management believes that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences are not recognized as deferred income tax liabilities.

		December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	$	**10,191**	**10,191**

2) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

		Write-downs of inventories	Others	Total
Balance at January 1, 2022	$	2,850	6,229	9,079
Recognized in profit or loss		486	(867)	(381)
Balance at December 31, 2022	**$**	**3,336**	**5,362**	**8,698**
Balance at January 1, 2021	$	4,586	6,858	11,444
Recognized in profit or loss		(1,736)	(629)	(2,365)
Balance at December 31, 2021	**$**	**2,850**	**6,229**	**9,079**

Deferred income tax liabilities:

		Gains from investments in subsidiaries
Balance at January 1, 2022	$	74,358
Recognized in profit or loss		(13,273)
Balance at December 31, 2022	**$**	**61,085**
Balance at January 1, 2021	$	61,148
Recognized in profit or loss		13,210
Balance at December 31, 2021	**$**	**74,358**

(iii) The Company' s income tax returns for the years through 2020 have been examined and approved by the R.O.C. income tax authorities.

(o) Capital and other equity

(i) Common stock

As of December 31, 2022 and 2021, the Company' s authorized shares of common stock amounted to $2,000,000 in total, at par value of $10 (Dollars) per share, and consisted of 200,000 thousand shares, of which 112,250 thousand shares were issued.

(ii) Capital surplus

The balances of capital surplus were as follows:

		December 31, 2022	December 31, 2021
Paid-in capital in excess of par value	$	275,225	278,081
Changes in ownership interests in subsidiaries		11	-
Employee stock options		7,354	7,354
Unclaimed dividends reclassified to capital surplus		107	107
Treasury share transactions		29,454	29,454
Others		82	81
	$	**312,233**	**315,077**

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends based on a resolution approved by the shareholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from shareholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(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. In addition, the Company's Articles of Incorporation, amended on August 24, 2021, stipulate that the Company's requirements for business operation and growth as well as capital budget and requirements are the primary factors that the Company considers when appropriating its retained earnings. If the Company has annual earnings and the distributable earnings for the years achieves 2% of capital, the dividend distribution shall not be less than 10% of the distributable earnings for the year, of which of the percentage of cash dividends shall not be less than 20% of the total dividends for the year.

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital.

2) Special reserve

When the Company adopted IFRSs endorsed by FSC for the first time, Company elected to use the exemption items applied to the first-time adoption the IFRSs in IFRS 1. In accordance with Rule issued by the Financial Supervisory Commission, at the date of transition to IFRSs, the accumulated translation adjustment amount of $78,330 was transferred to retained earnings and the same amount was recognized in special reserve. When the related assets were used, disposed, or reclassified, the Company should proportionally reserve the original special reserve contribution and distribute it as earnings. The aforementioned special reserve was $78,028 as of both December 31, 2022 and 2021.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of the undistributed prior-period earnings shall be reclassified to special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2022 and 2021 earnings was resolved by the Board of Directors on March 1, 2023 and March 2, 2022, respectively. The resolved appropriation of the cash dividend per share was as follows:

	2022		2021	
	Dividends per share (in dollars)	**Amount**	**Dividends per share (in dollars)**	**Amount**
Cash dividends	$ 0.5	**56,125**	0.9	**101,026**

The related information can be accessed on the Market Observation Post System website.

(iv) Other equity items (net after tax)

	Foreign currency translation differences
Balance at January 1, 2022	$ (56,506)
Foreign exchange differences arising from translation of foreign operations	20,579
Balance at December 31, 2022	**$ (35,927)**
Balance at January 1, 2021	$ (58,640)
Foreign exchange differences arising from translation of foreign operations	2,134
Balance at December 31, 2021	**$ (56,506)**

(p) Earnings per share ("EPS")

(i) Basic earnings per share

	2022	2021
Net income attributable to shareholders of the Company	$ 78,953	147,895
Weighted-average number of ordinary shares outstanding (in thousands)	112,250	112,250
Basic earnings per share (in dollars)	$ 0.70	1.32

(ii) Diluted earnings per share

	2022	2021
Net income attributable to shareholders of the Company	$ 78,953	147,895
Weighted-average number of ordinary shares outstanding (in thousands)	112,250	112,250
Effect of dilutive potential ordinary shares:		
Remuneration to employees	83	140
Weighted-average number of ordinary shares outstanding (in thousands) (including effect of dilutive potential common stock)	112,333	112,390
Diluted earnings per share (in dollars)	$ 0.70	1.32

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
Major products / services lines:		
Automation control	$ 1,033,631	1,311,614
Mechanical transmission	259,558	311,443
Others	3,559	3,504
	$ 1,296,748	1,626,561

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$ 299,659	478,278	404,292
Less: loss allowance	(1,540)	(1,935)	(7,003)
	$ 298,119	476,343	397,289

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities－advanced receipts	$ 4,064	2,116	1,104

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

The amount of revenue recognized for the years ended December 31, 2022 and 2021, that was included in the contract liabilities balance at the beginning of the period, were $2,116 and $1,104, respectively.

(r) Remuneration to employees and directors

The Company' s Articles of Incorporation requires that earnings, which refer to income before income tax excluding the renumeration to employees, directors and supervisors, shall first to be offset against any deficit, then a range from 2% to 20% will be distributed as renumeration to its employees and no more than 1% to its directors. Nevertheless, the profits in the current period should be reserved for offsetting the accumulated deficit, with the unappropriated earnings from the previous years, if any, prior to distributing the remuneration to the employees and directors. The abovementioned remuneration to employees shall be paid in shares or cash and remuneration to directors shall be paid in cash.

For the years ended December 31, 2022 and 2021, the Company accrued its remuneration to employees amounting to $1,845 and $3,818, respectively, and the remuneration to directors amounting to $922 and $1,909, respectively. The estimated amounts mentioned above are calculated based on the income before income tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles, and recognized them 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 estimated remuneration to employees and directors for 2022 and 2021 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.

(s) Non-operating income and loss

(i) Interest income

	2022	2021
Bank deposits	$ 242	466
Loans and receivables (note 7)	-	1,798
Others	279	-
	$ 521	**2,264**

(ii) Other income

	2022	2021
Miscellaneous income	**$ 1,223**	**2,271**

(iii) Other gains and losses

	2022	2021
Foreign currency exchange gains (losses), net	$ 27,867	(5,347)
Gains (losses) on financial instruments at fair value through profit or loss	481	(500)
Gains on disposal of non-current assets held for sale	23,829	-
Others	(133)	1
	$ 52,044	**(5,846)**

(iv) Finance costs

		2022	2021
Interest expense on bank loans	$	(1,131)	(108)
Interest expense on lease liabilities		(190)	(110)
	$	**(1,321)**	**(218)**

(t) Financial instruments

(i) Categories of financial instruments

1) Financial assets

		December 31, 2022	December 31, 2021
Financial assets measured at amortized cost:			
Cash and cash equivalents	$	115,701	338,373
Notes and accounts receivable (including related parties)		298,119	476,343
Other receivables (including related parties)		207,430	194,180
Refundable deposits (recognized in non-current assets)		10,671	10,608
	$	**631,921**	**1,019,504**

2) Financial liabilities

		December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss	$	1,058	-
Financial liabilities measured at amortized cost:			
Notes and accounts payable (including related parties)		140,910	317,612
Other payables (including related parties)		39,860	53,054
Lease liabilities (including current and non-current)		29,060	5,418
Long-term debt		100,000	-
	$	**310,888**	**376,084**

(ii) Fair value information — financial instruments not measured at fair value

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

(iii) Fair value information — financial instruments measured at fair value

The financial instruments at fair value through profit or loss 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:

1) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

2) 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).

3) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss:					
Derivatives－foreign currency forward contracts	$ (64)	-	(64)	-	(64)
Derivatives－foreign exchange swaps	(994)	-	(994)	-	(994)
	$ (1,058)	**-**	**(1,058)**	**-**	**(1,058)**

(iv) Valuation techniques and assumptions used in fair value measurement

Derivative financial instruments

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

(u) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Company has disclosed the information on exposure to the aforementioned risks and the Company’s policies and procedures to measure and manage those risks as well as the quantitative information below.

The Company’s Board of Directors is responsible for developing and monitoring the Company’s risk management policies. The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s operations.

The Company’s management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company’s Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s cash and cash equivalents, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Company’s financial assets.

The Company maintains cash and cash equivalents with reputable financial institutions. Therefore, the exposure related to potential default by those counter-parties is not considered significant.

In order to reduce credit risk of accounts receivable, the Company has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Company continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk.

The Company believes that there is no significant concentration of credit risk due to the Company’s relation to a wide range of customers and large geographical regions.

Please refer to note 6(c) for credit risk exposure of accounts receivable. Other financial assets amortized at cost includes other receivables and refundable deposits (included in other financial assets－non-current). The abovementioned financial assets are considered low-credit risk financial assets; therefore, the loss allowances are measured using 12 months ECL. Please refer to note 6(d) for ECL assessment.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Company 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 December 31, 2022 and 2021, the Company had unused credit facilities of $2,084,380 and $1,938,400, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

		Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2022						
Non-derivative financial liabilities:						
Notes and Accounts payable (including related parties)	$	140,910	140,910	-	-	-
Other payables (including related parties)		39,860	39,860	-	-	-
Lease liabilities		30,322	6,733	6,216	17,373	-
Long-term debt (including current portion)		102,871	1,820	101,051	-	-
	$	**313,963**	**189,323**	**107,267**	**17,373**	**-**
Derivative financial instruments:						
Foreign currency forward contracts:						
Inflow	$	54,374	54,374	-	-	-
Outflow		(54,310)	(54,310)	-	-	-
Foreign exchange swaps:						
Outflow		207,245	207,245	-	-	-
Inflow		(206,251)	(206,251)	-	-	-
	$	**1,058**	**1,058**	**-**	**-**	**-**
December 31, 2021						
Non-derivative financial liabilities:						
Notes and accounts payable (including related parties)	$	317,612	317,612	-	-	-
Other payables (including related parties)		53,054	53,054	-	-	-
Lease liabilities		5,537	2,633	1,566	1,338	-
	$	**376,203**	**373,299**	**1,566**	**1,338**	**-**

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

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company' s income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Company. The functional currency of the Company consists mainly of New Taiwan dollar (NTD) and the currency other than the functional currency used in these transactions consists mainly of US dollar (USD), Japanese yen (JPY) and Chinese yuan renminbi (CNY).

At the reporting date, the carrying amounts of the Company's significant monetary assets and liabilities denominated in a currency, other than the respective functional currencies of the Company, were as follows:

	December 31, 2022				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
USD	$ 422	30.73	12,968	1 %	130
JPY	9,261	0.2330	2,158	1 %	22
CNY	47,001	4.4057	207,072	1 %	2,071
Financial liabilities					
USD	356	30.73	10,940	1 %	109
JPY	16,681	0.2330	3,887	1 %	39

	December 31, 2021				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
USD	$ 8,093	27.68	224,014	1 %	2,240
JPY	6,026	0.2404	1,449	1 %	14
Financial liabilities					
USD	528	27.68	14,615	1 %	146
JPY	11,453	0.2404	2,753	1 %	28

As the Company deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gain (loss) for the years ended December 31, 2022 and 2021 were $27,867 and $(5,347), respectively.

2) Interest rate risk

The Company's bank loans carried floating interest rates. To manage the interest rate risk, the Company periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Company also strengthens the management of working capital to reduce the dependence on bank loans, as well as the risk arising from fluctuation of interest rates.

Please refer to note 6(u)(ii) for the interest rate risk exposure of financial liabilities. The following sensitivity analysis is based on the risk exposure to floating-interest-rate on the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Company is based on 100 basis points (1%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the year ended December 31, 2022 would have been $1,000, lower/higher, which mainly resulted from the borrowings with floating interest rates.

(v) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources and business plans to fund its future working capital needs, capital expenditures, repayment of debts, dividend payments, and other business requirements. The management determines the optimal capital structure by utilizing the appropriate debt-to-equity ratio to enhance long-term shareholder value on the basis of a stable capital structure.

(w) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flows	Non-cash changes: Additions to lease liabilities	Non-cash changes: Disposals of lease liabilities	December 31, 2022
Long-term debt	$ -	100,000	-	-	100,000
Lease liabilities	5,418	(2,371)	28,083	(2,070)	29,060
Total liabilities from financing activities	**$ 5,418**	**97,629**	**28,083**	**(2,070)**	**129,060**

	January 1, 2021	Cash flows	Non-cash changes: Additions to lease liabilities	Non-cash changes: Disposals of lease liabilities	December 31, 2021
Short-term borrowings	$ 2,618	(2,618)	-	-	-
Lease liabilities	10,468	(6,858)	6,450	(4,642)	5,418
Total liabilities from financing activities	**$ 13,086**	**(9,476)**	**6,450**	**(4,642)**	**5,418**

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 both December 31, 2022 and 2021. Qisda Corporation ("Qisda") is the ultimate controlling party of the Company. 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 Company during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Company
Qisda Corporation ("Qisda")	The Company's ultimate controlling party
DFI Inc. ("DFI")	The Company's parent company
Cyber South Management Ltd. ("Cyber")	The Company's subsidiary
Hong Kong Ace Pillar Enterprise Limited. ("Hong Kong Ace Pillar")	The Company's subsidiary
Tianjin Ace Pillar Co., Ltd. ("Tianjin Ace Pillar")	The Company's subsidiary
Suzhou Super Pillar Automation Equipment Co., Ltd. ("Suzhou Super Pillar")	The Company's subsidiary
ACE Energy Co., Ltd. (formerly BenQ ESCO Corp.) ("AEG")	The Company's subsidiary
Standard International Trading (Shanghai) Co., Ltd. ("Shanghai STC")	The Company's subsidiary
Standard Technology Corp. ("STC")	The Company's subsidiary
Standard Technology Corp. ("BVI")	The Company's subsidiary
BlueWalker GmbH ("BWA")	The Company's subsidiary
Proton Inc. ("Proton")	The Company's subsidiary
Ace Tek (HK) Holding Co., Ltd. ("Ace Tek")	The Company's subsidiary
Grace Transmission (Tianjin) Co., Ltd. ("Grace Transmission")	The Company's subsidiary
Advancedtek Ace (TJ) Inc. ("Advancedtek Ace")	The Company's subsidiary
Xuchang Ace AI Equipment Co., Ltd. ("Xuchang Ace")	The Company's subsidiary (Note 2)
AU Optronics Corp. ("AU")	Qisda's associate/ AU accounted the investment in Qisda using the equity method. (Note 1)
AUO Crystal Corp. ("ACTW")	AU's subsidiary
Darwin Precisions Corporation ("Darwin")	AU's subsidiary
AUO Education Service Corp.	AU's subsidiary
BenQ Material Corp. ("BMC")	Qisda's subsidiary
BenQ Asia Pacific Corp. ("BQP")	Qisda's subsidiary
Metaguru Corporation ("MRU") (formerly BenQ GURU Corp.)	Qisda's subsidiary
AdvancedTEK International Corp. ("AdvancedTEK")	Qisda's subsidiary
MetaAge Corporation ("MetaAge") (formerly Sysage Technology Co., Ltd.)	Qisda's subsidiary

Name of related party	Relationship with the Company
Golden Spirit Co., Ltd. ("GSC")	Qisda's subsidiary
Concord Medical Co., Ltd. ("Concord")	Qisda's subsidiary
BenQ Healthcare Corporation ("BHS")	Qisda's subsidiary
Darly Venture Inc. ("APV")	Qisda's subsidiary
Darly2 Venture Co., Ltd. ("Darly 2")	Qisda's subsidiary
Darly Consulting Corporation ("Darly C")	Qisda's subsidiary
Global Intelligence Network Co., Ltd. ("Ginnet")	MetaAge's subsidiary

Note 1: Prior to May 12, 2021, AU was an associate of Qisda. Since May 12, 2021, AU was no longer an associate of Qisda. Since January 2021, AU accounted the investment in Qisda using the equity method.
Note 2: Xuchang Ace was liquidated in June 2022.

(c) Significant related-party transactions

(i) Revenue

	2022	2021
Ultimate controlling party	$ 5,977	6,295
Subsidiaries:		
Suzhou Super Pillar	2,925	2,819
AEG	1,806	4,094
Advancedtek Ace	30	4,119
Other subsidiaries	1,725	552
Other related party－BMC	2,759	-
Other related party－AU	1,728	2,376
Other related parties	342	1,755
	$ 17,292	22,010

The selling price 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.

(ii) Purchases

	2022	2021
Parent company	$ 10,596	9,558
Subsidiaries	9	10
Other related parties	1,061	432
	$ 11,666	10,000

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

(iii) Receivables

Account	Related-party categories	December 31, 2022	December 31, 2021
Accounts receivable	Ultimate controlling party	$ 4,808	6,407
	Subsidiary－Suzhou Super Pillar	1,068	866
	Subsidiary－AEG	-	4,299
	Other subsidiaries	5	548
	Other related party－MRU	-	1,531
	Other related parties	807	847
		$ 6,688	**14,498**

(iv) Payables

Account	Related-party categories	December 31, 2022	December 31, 2021
Accounts payable	Parent company	$ 1,646	3,953
	Other related parties	27	-
Other payables	Ultimate controlling party	100	262
	Parent company	700	700
	Other related parties	341	92
		$ 2,814	**5,007**

(v) Loans to related parties

Information of actual drawdown amounts of financing provided to related parties was as follows:

	December 31, 2022	December 31, 2021
Subsidiary－Tianjin Ace Pillar	$ 176,228	166,080
Subsidiary－Suzhou Super Pillar	30,840	27,680
	$ 207,068	**193,760**

	2022	2021
Interest income－Tianjin Ace Pillar	**$ -**	**1,798**

(vi) Guarantees and endorsements

For the year ended December 31, 2021, guarantees and endorsements related to the Company's purchases from related parties and bank loans amounted to $188,400 and the actual drawdown amount was $56,490.

(vii) Lease

The Company leased office from Qisda and the rent is paid monthly with reference to the nearby office rental rates. For the year ended December 31, 2022, the related interest expense on lease liabilities amounted to $5. As of December 31, 2022, the balance of the lease liabilities amounted to $611.

(viii) Acquisition of investments accounted for using the equity method

The details of investments accounted for using equity method acquired from related parties were as follows:

Account	Related-party categories	2022
Investments accounted for using the equity method	Other related party－APV	$ 13,120
	Other related party－Darly 2	5,760
	Other related party－Darly C	7,680
	Other related party－AU	5,440
		$ 32,000

(ix) Disposal of investments accounted for using the equity method

In December, 2022, the Company sold 100% equity ownership of BWA to its subsidiary, AEG, for a consideration of $138,804 which was fully received.

(d) Compensation for key management personnel

	2022	2021
Short-term employee benefits	20,851	24,578
Post-employment benefits	203	268
	$ 21,054	**24,846**

8. Pledged assets: None

9. Significant commitments and contingencies

As of December 31, 2022 and 2021, the Company had issued promissory notes amounting to $2,084,380 $1,938,400, respectively, as collateral for obtaining credit facilities from financial institutions.

10. Significant losses due to major disasters: None

11. Significant subsequent events: None

12. Others:

Employee benefits, depreciation, and amortization (recognized in operating expense) categorized by function were as follows:

	2022			2021		
	Cost of sales	**Operating expenses**	**Total**	**Cost of sales**	**Operating expenses**	**Total**
Employee benefits:						
Salaries	-	121,422	121,422	-	134,846	134,846
Insurance	-	10,241	10,241	-	10,347	10,347
Pension	-	4,940	4,940	-	4,972	4,972
Remuneration to directors	-	6,037	6,037	-	7,024	7,024
Others	-	5,520	5,520	-	6,097	6,097
Depreciation	138	8,255	8,393	-	9,712	9,712
Amortization	-	3,120	3,120	-	1,307	1,307

Additional information related to the number of employees and employee benefits of 2022 and 2021, was as follows:

	2022	2021
The number of employees	123	126
The number of non-employee directors	7	7
Average employee benefits	$ 1,225	1,313
Average employee salaries	$ 1,047	1,133
Average employee salaries increased (decreased) by	(7.59)%	17.90 %
Supervisors' remuneration	$ -	-

The Company' s salary and remuneration policies (including directors, managers and employees) were as follows:

(a) Directors:

(i) The remuneration to directors is made quarterly based on the days of duty of each director and is calculated based on different ratios if a director takes up different positions, such as the chairman, an audit committee convener, a member of the audit committee or remuneration committee.

(ii) The payout for the remuneration to directors is calculated based on the days of duty of each director in accordance with the Company' s articles of incorporation approved by the Board of Directors.

The payment base is determined according to the Company' s condition and scale of current operations, with reference to the industry levels, wherein the amendments to the payment base will be approved by the Board of Directors.

(b) Managers:

(i) Fixed salary for 12 months

(ii) Variable payouts related to employee remuneration and bonus are based on individual performance.

(iii) Other benefits including premium physical check-up program, official vehicles, fuel allowance and parking space.

(c) Employees:

Employee remuneration is based on their salaries, meal allowances, as well as year-end and quarterly bonus, taking into account their individual performance evaluation.

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: Table 2 (attached)

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities): Table 3 (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: Table 4 (attached)

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: Table 5 (attached)

(ix) Information about derivative instrument transactions: Please refer to note 6(b)

(b) Information on investees: Table 6 (attached)

(c) Information on investment in Mainland China: Table 7 (attached)

(d) Major shareholders:

Shareholding Major Shareholder's Name	Shares	Percentage
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 %

14. Segment information

Please refer to the consolidated financial statements for the years ended December 31, 2022.

ACE PILLAR CO., LTD.
Financing provided to other parties
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars, 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	309,505	220,285	176,228	0%	2	-	Operating requirement	-	-	-	409,634	819,268
0	The Company	Suzhou Super Pillar	Other receivables from related parties	Yes	121,278	88,114	30,840	0%	2	-	Operating requirement	-	-	-	409,634	819,268
1	STC	Intelligent fluids GmbH	Other receivables	No	625	-	-	20%	1	659	Business transactions	-	-	-	16,803	33,605
2	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	22,551	21,511	21,511	0%	2	-	Operating requirement	-	-	-	580,218	580,218
3	Porton Inc.	Tianjin Ace Pillar	Other receivables from related parties	Yes	12,886	12,292	12,292	0%	2	-	Operating requirement	-	-	-	459,880	459,880

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 STC shall not exceed 20% and 10%, respectively, of the most recent net worth of the Company.
Note 3: The aggregate financing amount and the individual financing amount of subsidiaries 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 4: Nature of Financing

1 Business transaction purpose

2 Short-term financing purpose

ACE PILLAR CO., LTD.
Guarantee and endorsement provided to other parties
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 2

No.	Endorsement/ Guarantee Provider	Guarantee Party		Limitation on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	Tianjin Ace Pillar	2	819,268	190,125	-	-	-	-	1,024,085	Y	N	Y

Note 1: The endorsement/guarantee amount provided in aggregate shall not exceed 50% of the most recent audited or reviewed net worth of the Company or subsidiaries, within which the endorsement/guarantee amount provided to individual guarantee party shall not exceed 40% of the abovementioned net worth of the Company or subsidiaries.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:
2 for entities directly or indirectly owned by the Company over 50%

ACE PILLAR CO., LTD.
Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities)
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars / shares / units, unless specified otherwise)

Table 3

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2022				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	2.64%	-	-
STC	Stock: COMPITEK CORP PTE LTD. (CPL)	-	Financial assets at fair value through other comprehensive income －non-current	36	1,434	6.28%	1,434	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost－non-current	USD 100	3,212	-	3,212	-

Note 1: The impairment loss was fully recognized.

ACE PILLAR CO., LTD.
Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 4

Company Name	Related Party	Nature of Relationship	Transnsaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/Accounts Receivable or (Payable)	
Advancedtek Ace	Tianjin Ace Pillar	Affiliates	(Sales)	(374,578)	(99.84)%	T/T 30 days	-	-	12,555	88.77%	-
Tianjin Ace Pillar	Advancedtek Ace	Affiliates	Purchases	374,578	34.35%	T/T 30 days	-	-	(12,555)	(14.39)%	-

ACE PILLAR CO., LTD.
Receivables from related parties which exceed $100 million or 20% of the paid-in capital
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 5

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate Amount	Overdue		Amounts Received in Subsequent Period	Loss Allowance
					Amount	Action Taken		
The Company	Tianjin Ace	Parent/Subsidiary	176,228	-	-		-	-

ACE PILLAR CO., LTD.
Information on investees
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars / shares, unless specified otherwise)

Table 6

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note)		Balances as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit/ (Losses) of the Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	Cyber South	SAMOA	Investment and holding activity	107,041	107,041	4,669	100.00%	580,218	(56,336)	(56,787)	-
The Company	Hong Kong Ace Pillar	Hong Kong	Sales of automation mechanical transmission system and component	5,120	5,120	1,200	100.00%	47,336	3,068	3,068	-
Cyber South	Proton	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	459,880	(61,249)	Note 1	-
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	2,176	2,787	Note 1	-
The Company	STC	Taiwan	Sales of semiconductor, optoelectronics and m achinery equipment and equipment repair	187,000	-	4,680	60.00%	209,788	45,262	21,778	-
STC	STC	B.V.I.	Investment and holding activity	21,727	-	600	100.00%	114,895	19,354	Note 1	-
The Company	BWA	Germany	Sale and service of energy management products	-	-	-	-	-	15,766	11,604	-
AEG	BWA	Germany	Sale and service of energy management products	138,804	-	Note 2	100.00%	144,174	15,766	Note 1	-
The Company	AEG	Taiwan	Service of energy technology	166,760	-	4,993	99.86%	175,085	12,782	8,681	-

Note: Original investment amounts include capitalization of retained earnings

Note 1: 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 2: There was no shares as the company is a limited liability company.

ACE PILLAR CO., LTD.
Information on investment in Mainland China
For the year ended December 31, 2022
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 7

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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 4)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Tianjin Ace Pillar	Sales of automation mechanical transmission system and component	1,084,677 (USD 35,297)	Direct and indirect investment	59,924 (USD 1,950)	-	-	59,924 (USD 1,950)	(74,508)	100.00%	(74,508)	545,110	125,533
Grace Transmission	Manufacture of automation mechanical transmission system	7,358 (RMB 1,670)	Indirect investment	4,917 (USD 160)	-	-	4,917 (USD 160)	(2,951)	100.00%	(2,951) (USD (106))	4,163 (USD 135)	-
Advancedtek Ace	Electronic system integration	9,219 (USD 300)	Indirect investment	4,610 (USD 150)	-	-	4,610 (USD 150)	2,787	100.00%	2,787 (USD 98)	2,149 (USD 70)	-
Suzhou Super Pillar	Manufacture of automation mechanical transmission system	44,559 (USD 1,450)	Indirect investment	Note 2	-	-	Note 2	7,917	100.00%	7,917 (USD 268)	107,855 (USD 3,510)	-
Xuchang Ace	Wholesale of industrial robot and component	9,219 (USD 300)	Indirect investment	Note 2	-	-	Note 2	(75)	Note 3	(75) (USD (3))	-	-
Shanghai STC	Sales of semiconductor, optoelectronics and machinery equipment	14,750 (USD 480)	Indirect investment	14,750 (USD 480)	-	-	14,750 (USD 480)	21,485	100.00%	17,309	111,566	118,686

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: The dissolution of Xuchang Ace was approved by the Board of Directors in November 2021 and the liquidation procedures were completed in June, 2022.
Note 4: Investment income or loss recognized based on the financial statements audited by the auditors of the Company.
Note 5: The amounts were translated into New Taiwan dollars at the exchange rates of US$1=NT$30.73 and CNY$1=NT$4.4057.

2. Limits on investments in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
ACE	157,307 (USD 5,119)	157,307 (USD 5,119)	1,282,505
STC	14,750 (USD 480)	14,750 (USD 480)	100,816

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 dollars at the exchange rates of US$1=NT$30.73.
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" or detail description.

Ace Pillar Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		$ 235
Demand deposits and checking accounts		103,585
Foreign currency deposits	USD : $386 thousand Exchange rate: 30.73	
	JPY : $ 38 thousand Exchange rate: 0.233	
	CNY: $ 1 thousand Exchange rate: 4.4057	11,881
		$ 115,466

Ace Pillar Co., Ltd.

Statement of Notes and Accounts Receivable

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Client Name	Amount
Others (Note)	292,971
Less: loss allowance	(1,540)
	$ 291,431

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Inventories

Item	Description	Amount: Carrying Amount	Amount: Net realizable Value	Note
Merchandise inventory	Automation control, mechanical transmission system and others	**$ 272,290**	**331,932**	Net realizable value

Ace Pillar Co., Ltd.

Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars / Shares)

	Balance at January 1, 2022		Addition (Note 1)		Decrease (Note 2)		Investment	Other	Balance at December 31, 2022			Net Assets Value		
Name of Investee	Shares	Amount	Shares	Amount	Shares	Amount	Income (Loss)	adjustments (Note 3)	Shares	Percentage of Ownership	Amount	Unite Price (in dollars)	Total Amount	Collateral
Investments accounted for using equity method:														
Tianjin Ace Pillar	Note	$ 104,187	-	-	-	-	(12,704)	1,458	Note	17.05 %	92,941	-	92,941	-
Cyber South	4,669	626,514	-	-	-	-	(56,787)	10,491	4,669	100.00 %	580,218	-	580,218	-
Hong Kong Ace Pillar	1,200	39,722	-	-	-	-	3,068	4,546	1,200	100.00 %	47,336	-	47,336	-
STC	-	-	4,680	187,000	-	-	21,778	1,010	4,680	60.00 %	209,788	-	209,788	-
BWA	-	-	Note 4	127,200	Note 4	(138,804)	11,604	-	-	-	-	-	-	-
AEG	-	20,310	4,993	166,760	-	-	12,075	(24,060)	4,993	99.86 %	175,085	-	175,085	-
		$ 790,733		480,960		(138,804)	(20,966)	(6,555)			1,105,368		1,105,368	

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

Note 1: Additions arose from the increase in investment by cash.

Note 2: Decrease arose from the disposal of investment by cash.

Note 3: Other adjustments

Foreign currency translation differences	$	20,579
Changes in capital surplus		(2,845)
Difference between consideration and the carrying amount arising from acquisition or disposal of shares of subsidiaries		(585)
Business combination under common control		(23,704)
	$	(6,555)

Note 4: There were no shares as the company is a limited liability company.

Ace Pillar Co., Ltd.

Statement of Other Non-current Assets

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Refundable deposits	$ 10,671
Others	659
	$ 11,330

Statement of Notes and Accounts Payable

Vendor Name	Description	Amount
Vendor A		$ 81,033
Vendor B		14,876
Vendor C		10,597
Others (Note)		32,731
		$ 139,237

Note: The amount of each item in others does not exceed 5% of the account balance.

Ace Pillar Co., Ltd.

Statement of Other Payables

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	
Salaries and bonus payables		$	26,311
Remuneration to employees and directors			2,767
Others (Note)			9,641
		$	**38,719**

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Lease Liabilities

Item	Description	Lease Term	Discount Rate	Ending Balance	
Buildings	Office, factory and warehouses	2020/06/01~2027/11/30	1.5%~1.82%	$	28,922
Transportation equipment		2020/04/01~2023/03/31	1.925%~2.35%		138
Less: current portion of lease liabilities					(6,269)
				$	**22,791**

Ace Pillar Co., Ltd.

Statement of Long-term Debt

For the year ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Creditor	Description	Loan Amount	Contract Period	Interest Rate	Collateral
First Commercial Bank	2 years syndicated loan	$ 100,000	2022/08~2024/08	1.72%	-

Statement of Operating Cost

Item	Amount
Finished goods, beginning of year	$ 320,653
Add: Purchase of finished good	991,752
Less: Raw materials, end of year	(288,969)
Transferred to other expenses	(1,193)
Write-down of inventories	2,428
Lease cost	138
Operating cost	**$ 1,024,809**

Ace Pillar Co., Ltd.

Statement of Operating Expenses

For the year ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item		Selling Expenses	Administrative Expenses
Salaries (including pension)	$	86,231	49,639
Insurance		9,357	4,806
Shipping expense		5,226	362
Depreciation		3,953	4,302
Professional service expense		337	17,842
Others (Note)		14,275	14,248
	$	**119,379**	**91,199**

Note: The amount of each item in others does not exceed 5% of the account balance.

For details on statement of Changes in Property, Plant and Equipment, please refer to note 6(h).
For details on statement of Deferred Tax Assets and Liabilities, please refer to note 6(n).
For details on statement of Operating Revenue, please refer to note 6(q).
For details on statement of Interest Income, please refer to note 6(s).
For details on statement of Other Income, please refer to note 6(s).
For details on statement of Other Gains and Losses, please refer to note 6(s).
For details on statement of Finance Costs, please refer to note 6(s).

Ace Pillar Co., Ltd.

Chairman：Chang-Hung Lee