Stock Code:8374

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022

Address: 12F., No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C)
Telephone: 886-2-2995-8400

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheet of Ace Pillar Co., Ltd. and its subsidiaries as of June 30, 2023 and the restated consolidated balance sheet as of June 30, 2022, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IAS") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the section of the Basis for Qualified Conclusion of the Restated Consolidated Financial Statements for the Six Months Ended June 30, 2022, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion of the Restated Consolidated Financial Statements for the Six Months Ended June 30, 2022

As stated in Note 4(b) to the accompanying consolidated financial statements, the consolidated financial statements for the six months ended June 30, 2022 included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These restated financial statements reflect the restated total assets amounting to $855,101 thousand, constituting 23.02% of the restated consolidated total assets, and the restated total liabilities amounting to $411,761 thousand, constituting 26.67% of the restated consolidated total liabilities as of June 30, 2022, as well as the restated total comprehensive income amounting to $18,500 thousand and $25,295 thousand, constituting 41.87% and 22.11% of the restated consolidated total comprehensive income for the three months and six months ended June 30, 2022, respectively.

Qualified Conclusion and Unqualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant consolidated subsidiaries described in the section of the Basis for Qualified Conclusion of the Restated Consolidated Financial Statements for the Six Months Ended June 30, 2022, been reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Ace Pillar Co., Ltd. and its subsidiaries as of June 30, 2023 and 2022 (restated), and their consolidated financial performance for the three months and six months then ended , as well as their consolidated cash flows for the six months then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

As stated in Notes 4(b) and 6(i), Ace Pillar Co., Ltd. acquired 100% equity ownership of Qisda Corporation’s subsidiary, ACE Energy Co., Ltd. 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 that Ace Pillar Co., Ltd. owns the entire equity interests of ACE Energy Co., Ltd. from beginning. Ace Pillar Co., Ltd. and its subsidiaries restated the consolidated financial statements for the six months ended June 30, 2022, accordingly. Our conclusion is not modified in respect of this matter.

The engagement partners on the reviews resulting in this independent auditors’ report are Huei-Chen Chang and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)
July 31, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022 (Restated)	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 455,758	15	436,095	13	423,690	12
1110	Financial assets at fair value through profit or loss－current (note 6(b))	903	-	163	-	547	-
1136	Financial assets at amortized cost－current (notes 6(d) and 8)	5,968	-	7,848	-	12,851	-
1140	Contract assets－current (note 6(u))	14,714	1	-	-	-	-
1150-1170	Notes and accounts receivable, net (notes 6(e), (u), 7 and 8)	916,320	29	944,003	28	1,266,831	34
1200	Other receivables (note 6(f))	11,476	-	29,412	1	13,106	-
130X	Inventories (note 6(g))	733,802	24	896,923	27	924,747	25
1461	Non-current assets held for sale (note 6(h))	-	-	-	-	295,185	8
1410-1470	Prepayments and other current assets	31,524	1	45,243	2	102,828	3
	Total current assets	2,170,465	70	2,359,687	71	3,039,785	82
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(c))	7,312	-	1,434	-	1,434	-
1535	Financial assets at amortized cost－non-current (note 6(d))	3,249	-	3,212	-	3,107	-
1600	Property, plant and equipment (notes 6(h), (j) and 8)	566,514	18	666,613	20	387,513	10
1755	Right-of-use assets (note 6(k))	48,470	2	52,312	2	24,758	1
1760	Investment property, net (note 6(l))	82,507	3	-	-	-	-
1780	Intangible assets (note 6(m))	194,713	6	196,471	6	213,841	6
1840	Deferred income tax assets	9,851	-	9,865	-	11,473	-
1980	Other financial assets－non-current	18,741	1	18,755	1	19,710	1
1990	Other non-current assets	8,115	-	9,917	-	12,441	-
	Total non-current assets	939,472	30	958,579	29	674,277	18
	Total assets	$ 3,109,937	100	3,318,266	100	3,714,062	100

		June 30, 2023		December 31, 2022		June 30, 2022 (Restated)	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (notes 6(n) and 8)	$ 168,655	5	229,235	7	368,708	10
2123	Financial liabilities at fair value through profit or loss－current (note 6(b))	971	-	1,058	-	-	-
2130	Contract liabilities－current (note 6(u))	56,766	2	108,161	3	114,117	3
2150-2170	Notes and accounts payable (note 7)	395,551	13	390,605	12	559,973	15
2200	Other payables (note 7)	116,296	4	149,251	5	141,156	4
2216	Cash dividends payable (note 7)	56,125	2	-	-	136,425	4
2230	Current income tax liabilities	45,561	1	55,065	2	62,837	2
2280	Lease liabilities－current (notes 6(p) and 7)	10,696	-	11,367	-	13,848	-
2300	Other current liabilities	10,490	-	10,140	-	10,442	-
2320	Current portion of long-term debt (notes 6(o) and 8)	560	-	653	-	242	-
	Total current liabilities	861,671	27	955,535	29	1,407,748	38
	Non-current liabilities:						
2540	Long-term debt (notes 6(o) and 8)	50,000	2	100,000	3	524	-
2570	Deferred income tax liabilities	99,244	3	100,136	3	123,639	4
2580	Lease liabilities－non-current (notes 6(p) and 7)	22,169	1	25,086	1	5,362	-
2640	Net defined benefit liabilities－non-current (note 6(q))	-	-	-	-	5,682	-
2670	Other non-current liabilities	-	-	-	-	784	-
	Total non-current liabilities	171,413	6	225,222	7	135,991	4
	Total liabilities	1,033,084	33	1,180,757	36	1,543,739	42
	Equity attributable to shareholders of the Company (note 6(s)):						
3110	Common stock	1,122,505	36	1,122,505	34	1,122,505	30
3200	Capital surplus	312,246	10	312,233	9	315,077	8
3300	Retained earnings	596,234	19	649,360	20	654,511	18
3400	Other equity	(47,171)	(1)	(35,927)	(1)	(37,933)	(1)
	Total equity attributable to shareholders of the Company	1,983,814	64	2,048,171	62	2,054,160	55
35XX	**Equity attributable to former owner of business combination under common control**	-	-	-	-	23,704	1
36XX	**Non-controlling interests**	93,039	3	89,338	2	92,459	2
	Total equity	2,076,853	67	2,137,509	64	2,170,323	58
	Total liabilities and equity	$ 3,109,937	100	3,318,266	100	3,714,062	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 three months and six months ended June 30, 2023 and 2022

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

		For the three months ended June 30				For the six months ended June 30			
		2023		2022 (Restated)		2023		2022 (Restated)	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (notes 6(u), 7 and 14)**	$ 795,431	100	1,052,987	100	1,595,571	100	2,001,289	100
5000	**Operating costs (notes 6(g), (j), (q), 7 and 12)**	(636,698)	(80)	(828,850)	(79)	(1,279,871)	(80)	(1,603,429)	(80)
	Gross profit	158,733	20	224,137	21	315,700	20	397,860	20
	Operating expenses (notes 6(e), (j), (k), (l), (m), (p), (q), (v), 7 and 12):								
6100	Selling expenses	(104,171)	(13)	(116,592)	(11)	(209,342)	(13)	(197,349)	(10)
6200	Administrative expenses	(55,072)	(7)	(50,586)	(5)	(109,710)	(7)	(100,635)	(5)
6300	Research and development expenses	(1,337)	-	(1,558)	-	(2,865)	-	(3,208)	-
6450	Gains on reversal of impairment loss (expected credit loss)	556	-	(1,939)	-	12,869	-	(5,331)	-
	Total operating expenses	(160,024)	(20)	(170,675)	(16)	(309,048)	(20)	(306,523)	(15)
	Operating income (loss)	(1,291)	-	53,462	5	6,652	-	91,337	5
	Non-operating income and loss (notes 6(p), (w) and 7):								
7100	Interest income	664	-	318	-	895	-	468	-
7010	Other income	11,447	1	1,384	-	14,094	1	2,930	-
7020	Other gains and losses, net	(1,697)	-	16,570	2	(2,597)	-	32,926	2
7050	Finance costs	(1,905)	-	(2,068)	-	(4,134)	-	(3,515)	-
	Total non-operating income and loss	8,509	1	16,204	2	8,258	1	32,809	2
	Income before income tax	7,218	1	69,666	7	14,910	1	124,146	7
7950	**Less: income tax expense (note 6(r))**	(4,190)	(1)	(16,003)	(2)	(9,456)	(1)	(29,265)	(2)
	Net income	3,028	-	53,663	5	5,454	-	94,881	5
	Other comprehensive income (loss) (note 6(s)):								
8310	**Items that will not be reclassified subsequently to profit or loss:**								
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	5,878	-	-	-	5,878	1	-	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
		5,878	-	-	-	5,878	1	-	-
8360	**Items that may be reclassified subsequently to profit or loss:**								
8361	Exchange differences on translation of foreign operations	(22,467)	(2)	(9,481)	(1)	(15,876)	(1)	19,529	1
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
		(22,467)	(2)	(9,481)	(1)	(15,876)	(1)	19,529	1
	Other comprehensive income (loss) for the period, net of income tax	(16,589)	(2)	(9,481)	(1)	(9,998)	-	19,529	1
	Total comprehensive income (loss) for the period	**$ (13,561)**	**(2)**	**44,182**	**4**	**(4,544)**	**-**	**114,410**	**6**
	Net income attributable to:								
8610	Shareholders of the Company	$ 1,624	-	43,687	4	2,999	-	83,519	4
8615	Former owner of business combination under common control	-	-	4,007	-	-	-	3,394	-
8620	Non-controlling interests	1,404	-	5,969	1	2,455	-	7,968	1
		$ 3,028	**-**	**53,663**	**5**	**5,454**	**-**	**94,881**	**5**
	Total comprehensive income (loss) attributable to:								
8710	Shareholders of the Company	$ (15,903)	(2)	34,139	3	(8,245)	-	102,092	5
8715	Former owner of business combination under common control	-	-	4,007	-	-	-	3,394	-
8720	Non-controlling interests	2,342	-	6,036	1	3,701	-	8,924	1
		$ (13,561)	**(2)**	**44,182**	**4**	**(4,544)**	**-**	**114,410**	**6**
	Earnings per share (in New Taiwan dollars) (note 6(t)):								
9750	Basic earnings per share	**$ 0.02**		**0.39**		**0.03**		**0.74**	
9850	Diluted earnings per share	**$ 0.02**		**0.39**		**0.03**		**0.74**	

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2023 and 2022

(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	Unrealized gains on financial assets measured at fair value through other comprehensive income	Total	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, 2022 (restated)	$ 1,122,505	315,077	258,267	78,028	335,723	672,018	(56,506)	-	(56,506)	2,053,094	20,310	4,160	2,077,564
Net income for the period	-	-	-	-	83,519	83,519	-	-	-	83,519	3,394	7,968	94,881
Other comprehensive income for the period	-	-	-	-	-	-	18,573	-	18,573	18,573	-	956	19,529
Total comprehensive income for the period	-	-	-	-	83,519	83,519	18,573	-	18,573	102,092	3,394	8,924	114,410
Appropriation of earnings:													
Legal reserve	-	-	14,789	-	(14,789)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(101,026)	(101,026)	-	-	-	(101,026)	-	-	(101,026)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	79,375	79,375
Balance at June 30, 2022 (restated)	**$ 1,122,505**	**315,077**	**273,056**	**78,028**	**303,427**	**654,511**	**(37,933)**	**-**	**(37,933)**	**2,054,160**	**23,704**	**92,459**	**2,170,323**
Balance at January 1, 2023	$ 1,122,505	312,233	273,057	78,028	298,275	649,360	(35,927)	-	(35,927)	2,048,171	-	89,338	2,137,509
Net income for the period	-	-	-	-	2,999	2,999	-	-	-	2,999	-	2,455	5,454
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(14,771)	3,527	(11,244)	(11,244)	-	1,246	(9,998)
Total comprehensive income (loss) for the period	-	-	-	-	2,999	2,999	(14,771)	3,527	(11,244)	(8,245)	-	3,701	(4,544)
Appropriation of earnings:													
Legal reserve	-	-	7,837	-	(7,837)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(56,125)	(56,125)	-	-	-	(56,125)	-	-	(56,125)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	13	-	-	-	-	-	-	-	13	-	-	13
Balance at June 30, 2023	**$ 1,122,505**	**312,246**	**280,894**	**78,028**	**237,312**	**596,234**	**(50,698)**	**3,527**	**(47,171)**	**1,983,814**	**-**	**93,039**	**2,076,853**

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	2022 (Restated)
Cash flows from operating activities:		
Income before income taxes	$ 14,910	124,146
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	19,449	22,600
Amortization	6,866	4,090
(Reversal of) expected credit loss	(12,869)	5,331
Interest expense	4,134	3,515
Interest income	(895)	(468)
Dividend income	(996)	-
Loss on disposal of property, plant and equipment	201	13
Gain on disposal of non-current assets held for sale	-	(23,829)
Gain on lease modifications	(2)	(4)
Loss on liquidation of subsidiary	-	391
Total adjustments for profit or loss	15,888	11,639
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(740)	(547)
Contract assets	(14,714)	-
Notes and accounts receivable	40,552	(14,533)
Other receivables	17,936	2,620
Inventories	163,121	(73,552)
Other current assets	15,521	(50,794)
Net changes in operating assets	221,676	(136,806)
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(87)	-
Notes and accounts payable	4,946	(116,491)
Other payables	(32,858)	(26,651)
Contract liabilities	(51,395)	(24,814)
Other current liabilities	350	1,071
Net defined benefit liabilities	-	(11)
Net changes in operating liabilities	(79,044)	(166,896)
Total changes in operating assets and liabilities	142,632	(303,702)
Total adjustments	158,520	(292,063)
Cash provided by (used in) operations	173,430	(167,917)
Interest received	848	439
Dividends received	996	-
Income taxes paid	(20,410)	(24,890)
Net cash flows provided by (used in) operating activities	154,864	(192,368)

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	**2022 (Restated)**
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash received	-	(114,749)
Proceeds from disposal of non-current assets held for sale	-	46,401
Acquisition of property, plant and equipment	(1,705)	(23,789)
Proceeds from disposal of property, plant and equipment	159	-
Acquisition of intangible assets	(5,108)	(8,517)
Decrease in other financial assets－current	1,880	23,330
Decrease (increase) in other financial assets－non-current	14	(2,171)
Decrease in other non-current assets	-	13,930
Net cash flows used in investing activities	(4,760)	(65,565)
Cash flows from financing activities:		
Increase in short-term borrowings	70,016	233,127
Decrease in short-term borrowings	(126,794)	(76,317)
Increase in long-term debt	50,000	-
Repayments of long-term debt	(100,110)	(61)
Payment of lease liabilities	(7,403)	(8,971)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	13	-
Interest paid	(4,231)	(3,525)
Net cash flows provided by (used in) financing activities	(118,509)	144,253
Effect of foreign exchange rate changes	(11,932)	16,236
Net increase (decrease) in cash and cash equivalents	19,663	(97,444)
Cash and cash equivalents at beginning of period	436,095	521,134
Cash and cash equivalents at end of period	$ **455,758**	**423,690**

See accompanying notes to the consolidated financial statements.

(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, electromechanical integration of automation control and mechanical transmission system and intelligent technology service, the sales of semiconductor, optoelectronics and machinery equipment and equipment repair, energy technology service, as well as the sales and service of energy management products.

2. Authorization of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on July 31, 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, 2023:

- 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"

(b) 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

(Continued)

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

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" and amendments to 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"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

4. Summary of material accounting policies:

Except for the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(a) Statement of compliance

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

			Percentage of Ownership			
Name of Investor	**Name of Subsidiaries**	**Principal Activities**	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**	**Note**
The Company	Cyber South Management Ltd. ("Cyber South", Samoa)	Investment and holding activity	100.00 %	100.00 %	100.00 %	-
The Company/ Proton/ Cyber South	Tianjin Ace Pillar Co., Ltd. ("Tianjin Ace Pillar", China)	Sales of automation mechanical transmission system and component	100.00 %	100.00 %	100.00 %	-

(Continued)

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

Name of Investor	Name of Subsidiaries	Principal Activities	Percentage of Ownership June 30, 2023	Percentage of Ownership December 31, 2022	Percentage of Ownership June 30, 2022	Note
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 %	100.00 %	-
Cyber South	Proton Inc. ("Proton", Samoa)	Investment and holding activity	100.00 %	100.00 %	100.00 %	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. ("Ace Tek", Hong Kong)	Investment and holding activity	100.00 %	100.00 %	100.00 %	-
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. ("Suzhou Super Pillar", China)	Manufacture and technology service of automation mechanical transmission system and control products	100.00 %	100.00 %	100.00 %	-
Cyber South	Grace Transmission (Tianjin) Co., Ltd. ("Grace Transmission", China)	Manufacture of automation mechanical transmission system and component	100.00 %	100.00 %	100.00 %	-
Cyber South	Xuchang Ace AI Equipment Co., Ltd. ("Xuchang Ace", China)	Wholesale of industrial robot and component	-	-	-	Note 5
Ace Tek	Advancedtek Ace (TJ) Inc. ("Advancedtek Ace", China)	Electronic system integration	100.00 %	100.00 %	100.00 %	-
The Company	Standard Technology Corp. ("STC", Taiwan)	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	60.00 %	60.00 %	60.00 %	Notes 1 and 6
STC	Standard Technology Corp. ("STCBVI", BVI)	Investment and holding activity	60.00 %	60.00 %	60.00 %	Notes 1 and 6
STCBVI	Standard International Trading (Shanghai) Co., Ltd. ("Shanghai STC", China)	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	60.00 %	60.00 %	60.00 %	Notes 1 and 6
The Company	ACE Energy Co., Ltd. ("AEG", Taiwan) (formerly BenQ ESCO Corp.)	Energy technology service	99.86 %	99.86 %	83.00 %	Notes 3, 4 and 6
AEG	BlueWalker GmbH ("BWA", Germany)	Sales and service of energy management products	99.86 %	99.86 %	100.00 %	Notes 2 and 6

Note 1: The Company acquired 60% equity ownership of STC and its subsidiaries on March 1, 2022 and obtained control over it.

Note 2: The Company acquired 100% equity ownership of BWA on April 1, 2022. In addition, AEG acquired the entire equity ownership of BWA from the Company on December 1, 2022 due to organizational restructuring.

Note 3: Referring to note 6(i), the Company acquired 100% equity ownership of AEG on July 1, 2022. The transaction is an organizational reorganization under common control that the Company owns the entire equity interests of AEG from beginning. The consolidated financial statements for the six months ended June 30, 2022 have been restated for comparison with the consolidated financial statements for the six months ended June 30, 2023.

Note 4: In November 2022, AEG increased its share capital and reserved partial new shares for subscription 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.

Note 6: This is a non-significant subsidiary for which financial statements were not reviewed as of and for the six months ended June 30, 2022.

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

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

(c) 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.

(iv) A property is reclassified to investment property at its carrying amount when the purpose of the property changes from owner-occupied to investment.

(d) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment property is measured at initial acquisition cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property, bringing the investment property to the condition necessary for it to be available for use, and any borrowing cost that is eligible for capitalization.

(Continued)

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

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

An investment property is reclassified to property, plant and equipment at its carrying amount when the purpose of the investment property has been changed from investment to owner-occupied.

(e) Employee benefits

The defined benefit pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time, as well as significant curtailments, settlements, or other significant one-time events.

(f) Income taxes

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

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

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

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

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

When preparing the interim consolidated financial statements, same critical accounting judgments and key sources of estimation uncertainties as mentioned in the note 5 of the consolidated financial statements for the year ended December 31, 2022 have been followed.

(Continued)

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

6. Significant account disclosures

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

		June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	$	286	490	361
Demand deposits and checking accounts		415,472	435,605	409,989
Time deposits with original maturities less than three months		40,000	-	13,340
	$	**455,758**	**436,095**	**423,690**

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

		June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss:				
Foreign currency forward contracts	$	-	163	547
Foreign exchange swaps		903	-	-
	$	**903**	**163**	**547**

		June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities at fair value through profit or loss:				
Foreign currency forward contracts	$	(663)	(64)	-
Foreign exchange swaps		(308)	(994)	-
	$	**(971)**	**(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

	June 30, 2023		
	Contract amount (in thousands)		Maturity period
USD Buy / CNY Sell	USD	780	2023/07
USD Buy / EUR Sell	USD	1,180	2023/07
CNY Buy / USD Sell	USD	1,850	2023/07

(Continued)

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

	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

	June 30, 2022		
	Contract amount (in thousands)		Maturity period
USD Buy / EUR Sell	USD	997	2022/07
CNY Buy / USD Sell	USD	1,814	2022/07

(ii) Foreign exchange swaps

	June 30, 2023		
	Contract amount (in thousands)		Maturity period
TWD Swap in / CNY Swap out	CNY	47,000	2023/07

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

Please refer to note 6(w) 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

	June 30, 2023	December 31, 2022	June 30, 2022
Equity investments at fair value through other comprehensive income:			
Foreign unlisted stocks	$ 7,312	1,434	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 six months ended June 30, 2023 and 2022.

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

(d) Financial assets at amortized cost

		June 30, 2023	December 31, 2022	June 30, 2022
Pledged time deposits	$	1,000	616	611
Time deposits		4,968	7,232	12,240
Corporate bonds		3,249	3,212	3,107
	$	**9,217**	**11,060**	**15,958**
Current	$	5,968	7,848	12,851
Non-current		3,249	3,212	3,107
	$	**9,217**	**11,060**	**15,958**

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

		June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable from operating activities	$	274,858	240,323	278,872
Accounts receivable measured at amortized cost		669,608	762,692	1,017,073
Less: loss allowance		(28,146)	(59,012)	(29,114)
	$	**916,320**	**944,003**	**1,266,831**

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:

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

(Continued)

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

	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**

	June 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 511,519	0%~0.81%	48
Past due 1-90 days	31,722	0%~0.09%	10
Past due 91-180 days	200	0%~21.61%	-
Past due 181-270 days	89	34.44%~69.16%	32
Past due over 271 days	1,750	100%	1,750
	$ 545,280		**1,840**

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

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

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

	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**

	June 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 594,513	0%~0.62%	1,632
Past due 1-90 days	129,526	0%~25%	6,517
Past due 91-180 days	10,525	0%~62%	4,224
Past due 181-270 days	3,783	0%~100%	2,583
Past due over 271 days	12,318	100%	12,318
	$ **750,665**		**27,274**

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

	For the six months ended June 30,	
	2023	2022
Balance at January 1	$ 59,012	27,646
Acquisition through business combination	-	3,143
Impairment loss (gain on reversal of impairment loss)	(12,869)	5,331
Write-off	-	(7,562)
Insurance claims for accounts receivable	(17,168)	-
Effect of exchange rate changes	(829)	556
Balance at June 30	$ **28,146**	**29,114**

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

(f) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables	$ 11,476	29,412	13,106
Less: loss allowance	-	-	-
	$ **11,476**	**29,412**	**13,106**

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

(Continued)

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

(g) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Merchandise inventory	$ 733,802	896,923	924,747

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Cost of inventories sold	$ 617,037	848,115	1,238,759	1,617,692
Write-downs (reversal) of inventories	2,900	(22,847)	(1,890)	(27,167)
	$ 619,937	825,268	1,236,869	1,590,525

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 and the write-downs of inventories were reversed 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 $46,401 and the carrying amounts of the property disposed amounted to $22,572, respectively, resulting in a disposal gain of $23,829.

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 $244,305 (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 carrying amounts of the assets classified as held for sale of $293,347 were reclassified to property, plant and equipment and right-of-use assets.

(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 sales of semiconductor, optoelectronics and machinery equipment and equipment repair. 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.

(Continued)

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

2) Identifiable net assets acquired and goodwill recognized in a business combination

The fair value of identifiable assets acquired, liabilities assumed and goodwill recognized from the acquisition on the acquisition date 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.

(Continued)

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

(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 and goodwill recognized in a business combination

The fair value of identifiable assets acquired, liabilities assumed and goodwill recognized from the acquisition on the acquisition date 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.

(Continued)

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

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.

(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.

(Continued)

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

(j) Property, plant and equipment

		Land	Buildings	Transportation equipment and other equipment	Lease	Construction in progress	Total
Cost:							
Balance at January 1, 2023	$	256,927	526,392	173,724	102,532	229	1,059,804
Additions		-	-	1,705	-	-	1,705
Disposals		-	-	(11,400)	-	-	(11,400)
Reclassification		(63,339)	(35,882)	-	-	-	(99,221)
Effect of exchange rate changes		-	(9,037)	(912)	-	-	(9,949)
Balance at June 30, 2023	**$**	**193,588**	**481,473**	**163,117**	**102,532**	**229**	**940,939**
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	2,826	-	-	23,789
Disposals		-	-	(3,369)	-	-	(3,369)
Reclassification		-	-	5,893	-	(5,893)	-
Effect of exchange rate changes		-	4,359	1,277	-	-	5,636
Balance at June 30, 2022	**$**	**219,768**	**272,370**	**172,350**	**102,532**	**229**	**767,249**
Accumulated depreciation and impairment loss:							
Balance at January 1, 2023	$	-	136,316	154,343	102,532	-	393,191
Depreciation		-	8,434	3,081	-	-	11,515
Disposals		-	-	(11,040)	-	-	(11,040)
Reclassification		-	(16,175)	-	-	-	(16,175)
Effect of exchange rate changes		-	(2,348)	(718)	-	-	(3,066)
Balance at June 30, 2023	**$**	**-**	**126,227**	**145,666**	**102,532**	**-**	**374,425**
Balance at January 1, 2022	$	-	114,208	137,672	100,458	-	352,338
Acquisition through business combination		-	-	11,924	-	-	11,924
Depreciation		-	5,637	7,970	1,047	-	14,654
Disposals		-	-	(3,356)	-	-	(3,356)
Effect of exchange rate changes		-	3,062	1,114	-	-	4,176
Balance at June 30, 2022	**$**	**-**	**122,907**	**155,324**	**101,505**	**-**	**379,736**
Carrying amount:							
Balance at January 1, 2023	**$**	**256,927**	**390,076**	**19,381**	**-**	**229**	**666,613**
Balance at June 30, 2023	**$**	**193,588**	**355,246**	**17,451**	**-**	**229**	**566,514**
Balance at January 1, 2022	**$**	**219,768**	**132,840**	**12,650**	**2,074**	**6,122**	**373,454**
Balance at June 30, 2022	**$**	**219,768**	**149,463**	**17,026**	**1,027**	**229**	**387,513**

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

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

(k) Right-of-use assets

	Land	Buildings	Transportation equipment	Total
Cost:				
Balance at January 1, 2023	$ 18,466	45,440	2,844	66,750
Additions	-	2,057	1,980	4,037
Disposals	-	(5,735)	(2,055)	(7,790)
Effect of exchange rates changes	(379)	(124)	(21)	(524)
Balance at June 30, 2023	**$ 18,087**	**41,638**	**2,748**	**62,473**
Balance at January 1, 2022	$ 7,265	32,454	3,053	42,772
Acquisition through business combination	-	6,237	443	6,680
Additions	-	2,344	-	2,344
Disposals	-	(2,633)	-	(2,633)
Effect of exchange rate changes	468	543	17	1,028
Balance at June 30, 2022	**$ 7,733**	**38,945**	**3,513**	**50,191**
Accumulated depreciation:				
Balance at January 1, 2023	$ 1,595	10,619	2,224	14,438
Depreciation	225	6,583	587	7,395
Disposals	-	(5,613)	(2,028)	(7,641)
Effect of exchange rates changes	(117)	(56)	(16)	(189)
Balance at June 30, 2023	**$ 1,703**	**11,533**	**767**	**14,003**
Balance at January 1, 2022	$ 544	16,403	1,155	18,102
Acquisition through business combination	-	1,132	27	1,159
Depreciation	93	7,202	651	7,946
Disposals	-	(2,206)	-	(2,206)
Effect of exchange rates changes	101	326	5	432
Balance at June 30, 2022	**$ 738**	**22,857**	**1,838**	**25,433**
Carrying amount:				
Balance at January 1, 2023	**$ 16,871**	**34,821**	**620**	**52,312**
Balance at June 30, 2023	**$ 16,384**	**30,105**	**1,981**	**48,470**
Balance at January 1, 2022	**$ 6,721**	**16,051**	**1,898**	**24,670**
Balance at June 30, 2022	**$ 6,995**	**16,088**	**1,675**	**24,758**

(Continued)

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

(l) Investment property

	Construction in progress	Buildings	Total
Cost:			
Balance at January 1, 2023	$ -	-	-
Reclassification	63,339	35,882	99,221
Balance at December 31, 2023	**$ 63,339**	**35,882**	**99,221**
Accumulated depreciation:			
Balance at January 1, 2023	$ -	-	-
Depreciation	-	539	539
Reclassification	-	16,175	16,175
Balance at June 30, 2023	**$ -**	**16,714**	**16,714**
Carrying amount:			
Balance at June 30, 2023	**$ 63,339**	**19,168**	**82,507**
Fair value:			
Balance at June 30, 2023			**$ 164,892**

For the six months ended June 30, 2023, the fair value of the investment property is determined by referring to the market price of similar real estate transaction in the same area by management, wherein the inputs, which are used in the fair value measurement, were classified to Level 3.

(m) Intangible assets

	Goodwill	Computer software	Patent	Customer relationship	Total
Cost:					
Balance at January 1, 2023	$ 98,273	16,731	12,822	81,942	209,768
Additions	-	5,108	-	-	5,108
Disposals	-	(1,023)	-	-	(1,023)
Effect of exchange rates changes	-	15	-	-	15
Balance at June 30, 2023	**$ 98,273**	**20,831**	**12,822**	**81,942**	**213,868**
Balance at January 1, 2022	$ -	5,687	-	-	5,687
Additions	-	8,517	-	-	8,517
Acquisition through business combination	86,633	2,535	12,822	104,736	206,726
Effect of exchange rates changes	-	(14)	-	-	(14)
Balance at June 30, 2022	**$ 86,633**	**16,725**	**12,822**	**104,736**	**220,916**
Accumulated amortization:					
Balance at January 1, 2023	$ -	6,035	962	6,300	13,297
Amortization	-	2,405	641	3,820	6,866
Disposals	-	(1,023)	-	-	(1,023)
Effect of exchange rates changes	-	15	-	-	15
Balance at June 30, 2023	**$ -**	**7,432**	**1,603**	**10,120**	**19,155**

(Continued)

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

	Goodwill	Computer software	Patent	Customer relationship	Total
Balance at January 1, 2022	$ -	1,520	-	-	1,520
Amortization	-	1,497	320	2,273	4,090
Acquisition through business combination	-	1,478	-	-	1,478
Effect of exchange rates changes	-	(13)	-	-	(13)
Balance at June 30, 2022	**$ -**	**4,482**	**320**	**2,273**	**7,075**
Carrying amount:					
Balance at January 1, 2023	**$ 98,273**	**10,696**	**11,860**	**75,642**	**196,471**
Balance at June 30, 2023	**$ 98,273**	**13,399**	**11,219**	**71,822**	**194,713**
Balance at January 1, 2022	**$ -**	**4,167**	**-**	**-**	**4,167**
Balance at June 30, 2022	**$ 86,633**	**12,243**	**12,502**	**102,463**	**213,841**

According to IAS 36, goodwill arising from a business combination is tested at least annually. Based on the results of impairment tests conducted by the Group as of December 31, 2022, there were no impairment losses. Please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2022. As of June 30, 2023, the Group assessed the achievement of expected revenue and operating income of the respective cash generating units for the six months ended June 30, 2023, and concluded that there were no indications of impairment.

(n) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	$ 93,650	117,432	218,429
Secured bank loans	75,005	111,803	150,279
	$ 168,655	**229,235**	**368,708**
Unused credit facilities	**$ 2,540,502**	**2,521,803**	**2,381,467**
Interest rate	1.92%~4.1%	1.6%~4.1%	1.18%~4.1%

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

(o) Long-term debt

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	$ 50,000	100,000	-
Secured bank loans	560	653	766
Less: current portion of long-term debt	(560)	(653)	(242)
	$ 50,000	**100,000**	**524**
Unused credit facilities	**$ 50,000**	**100,000**	**-**
Interest rate	**1.95%~5.83%**	**1.72%~5.83%**	**5.83%**
Maturity year	**2026**	**2024**	**2023**

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

(Continued)

(p) Lease liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current	$ 10,696	11,367	13,848
Non-current	$ 22,169	25,086	5,362

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest expense on lease liabilities	$ 183	174	371	364
Expenses relating to short-term leases	$ 3,640	6,445	7,505	8,245

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

	For the six months ended June 30,	
	2023	2022
Total cash outflows for leases	$ 15,279	17,580

(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

The Group leases transportation equipment, with lease terms of 2 to 3 years. 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.

(q) Employee benefits

(i) Defined benefit plans

On March 1, 2022, the Group acquired a subsidiary, STC, which has provided a retirement plan for its employees upon retirement.

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021.

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

The expenses recognized in profit or loss were as follows:

	For the three months ended June 30, 2022	For the six months ended June 30, 2022
Operating costs	$ 11	15

In the fourth quarter of 2022, STC reached an agreement with its employees on the early settlement of the defined benefit plan regulated by the Labor Pension Act. The labor fund account balance at Bank of Taiwan was entirely withdrawn and paid to employees.

(ii) Defined contribution plans

For the three months and six months ended June 30, 2023 and 2022, the Group recognized the pension expenses of $5,665, $5,893, $11,520, and $10,808, respectively, in relation to the defined contribution plans.

(r) Income taxes

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Current income tax expense	$ 4,190	16,003	9,456	29,265

(ii) For the six months ended June 30, 2023 and 2022, there was no income tax expense recognized directly in equity or other comprehensive income.

(iii) The Company’ s income tax returns for the years through 2021 have been examined and approved by the R.O.C. income tax authorities.

(s) Capital and other equity

Except for the contents mentioned below, there were no significant change in capital and other equity for the six months ended June 30, 2023 and 2022. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2022.

(i) Common stock

As of June 30, 2023, December 31 and June 30, 2022, 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.

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

(ii) Capital surplus

		June 30, 2023	December 31, 2022	June 30, 2022
Paid-in capital in excess of par value	$	275,225	275,225	278,081
Changes in ownership interests in subsidiaries		11	11	-
Employee stock options		7,354	7,354	7,354
Unclaimed dividends reclassified to capital surplus		107	107	107
Treasury share transactions		29,454	29,454	29,454
Others		95	82	81
	$	312,246	312,233	315,077

(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.

The appropriations of cash dividends of 2022 and 2021 earnings were approved by the Company's Board of Directors on March 1, 2023 and March 2, 2022, respectively. Other appropriations of 2022 and 2021 earnings were approved by the shareholders during their meeting on May 26, 2023 and June 14, 2022, respectively. The resolved appropriations were as follows:

	2022		2021	
	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)	Amount
Legal reserve		$ 7,837		14,789
Dividends per share:				
Cash dividends	$ 0.50	56,125	0.90	101,026

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

(Continued)

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

(iv) Other equity items (net after tax)

		Foreign currency translation differences	Unrealized gains on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	$	(35,927)	-	(35,927)
Foreign exchange differences arising from translation of foreign operations		(14,771)	-	(14,771)
Unrealized gains on financial assets measured at fair value through other comprehensive income		-	3,527	3,527
Balance at June 30, 2023	$	**(50,698)**	**3,527**	**(47,171)**
Balance at January 1, 2022	$	(56,506)	-	(56,506)
Foreign exchange differences arising from translation of foreign operations		18,573	-	18,573
Balance at June 30, 2022	$	**(37,933)**	**-**	**(37,933)**

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

		For the six months ended, June 30	
		2023	2022
Balance at January 1	$	89,338	4,160
Equity attributable to non-controlling interests			
Net income		2,455	7,968
Foreign currency translation differences		(1,105)	956
Unrealized gains on financial assets measured at fair value through other comprehensive income		2,351	-
Increase in non-controlling interests in acquisition of subsidiaries		-	79,375
Balance at June 30	$	**93,039**	**92,459**

(t) Earnings per share ("EPS")

(i) Basic earnings per share

		For the three months ended June 30,		For the six months ended June 30,	
		2023	2022	2023	2022
Net income attributable to shareholders of the Company	$	**1,624**	**43,687**	**2,999**	**83,519**
Weighted-average number of ordinary shares outstanding (in thousands)		**112,250**	**112,250**	**112,250**	**112,250**
Basic earnings per share (in dollars)	$	**0.02**	**0.39**	**0.03**	**0.74**

(Continued)

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

(ii) Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net income attributable to shareholders of the Company	$ 1,624	43,687	2,999	83,519
Weighted-average number of ordinary shares outstanding (in thousands)	112,250	112,250	112,250	112,250
Effect of dilutive potential ordinary shares:				
Effect of employee remuneration in stock	5	71	25	113
Weighted-average number of ordinary shares outstanding (in thousands) (including effect of dilutive potential common stock)	112,255	112,321	112,275	112,363
Diluted earnings per share (in dollars)	$ 0.02	0.39	0.03	0.74

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Major products / services lines:				
Automation control	$ 438,119	464,148	742,814	996,201
Mechanical transmission	116,759	331,574	342,946	667,328
Sales and service of semiconductor equipment material	138,292	171,778	269,625	236,023
Energy management products	101,158	84,688	238,376	100,090
Others	1,103	799	1,810	1,647
	$ 795,431	1,052,987	1,595,571	2,001,289

(ii) Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts receivable	$ 944,466	1,003,015	1,295,945
Less: loss allowance	(28,146)	(59,012)	(29,114)
	$ 916,320	944,003	1,266,831
Contract assets	$ 14,714	-	-
Contract liabilities－advance receipts	$ 56,766	108,161	114,117

(Continued)

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

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

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

The amounts of revenue recognized for the six months ended June 30, 2023 and 2022, which were included in the contract liabilities balance at the beginning of the period, were $65,963 and $79,542, respectively.

(v) 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 three months and six months ended June 30, 2023 and 2022, the Company accrued its remuneration to employees amounting to $78, $1,086, $151 and $2,123, respectively, and the remuneration to directors amounting to $15, $543, $30 and $1,061, 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.

(w) Non-operating income and loss

(i) Interest income

		For the three months ended June 30,		For the six months ended June 30,	
		2023	**2022**	**2023**	**2022**
Interest income from bank deposits	$	623	296	797	439
Interest income from financial assets measured at amortized cost		24	22	47	29
Others		17	-	51	-
	$	**664**	**318**	**895**	**468**

(Continued)

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

(ii) Other income

	For the three months ended June 30		For the six months ended June 30	
	2023	**2022**	**2023**	**2022**
Dividend income	$ 996	-	996	-
Payables and advance receipts reclassified to income	9,481	-	9,481	-
Miscellaneous income	970	1,384	3,617	2,930
	$ 11,447	**1,384**	**14,094**	**2,930**

(iii) Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Losses on liquidation of subsidiary	$ -	(391)	-	(391)
Foreign currency exchange gains (losses), net	(5,013)	(567)	(2,440)	8,463
Gains on financial instruments at fair value through profit or loss	3,406	1,161	245	1,161
Gains (losses) on disposal of fixed assets	68	(6)	(201)	(13)
Gains on disposal of non-current assets held for sale	-	16,437	-	23,829
Others	(158)	(64)	(201)	(123)
	$ (1,697)	**16,570**	**(2,597)**	**32,926**

(iv) Finance costs

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Interest expense on bank loans	$ (1,722)	(1,894)	(3,763)	(3,151)
Interest expense on lease liabilities	(183)	(174)	(371)	(364)
	$ (1,905)	**(2,068)**	**(4,134)**	**(3,515)**

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

(x) Financial instruments

Except for the content mentioned below, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk and market risk arising from financial instruments. For the related information, please refer to notes 6(w) and 6(x) of the consolidated financial statements for the year ended December 31, 2022.

(i) Categories of financial instruments

1) Financial assets

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss－current	$ 903	163	547
Financial assets at fair value through other comprehensive income－non-current	7,312	1,434	1,434
Financial assets measured at amortized cost:			
Cash and cash equivalents	455,758	436,095	423,690
Financial assets measured at amortized cost (including current and non-current)	9,217	11,060	15,958
Notes and accounts receivable	916,320	944,003	1,266,831
Other receivables	11,476	29,412	13,106
Other financial assets－non-current	18,741	18,755	19,710
	$ 1,419,727	**1,440,922**	**1,741,276**

2) Financial liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities at fair value through profit or loss－current	$ 971	1,058	-
Financial liabilities measured at amortized cost:			
Short-term borrowings	168,655	229,235	368,708
Notes and accounts payable	395,551	390,605	559,973
Other payables	116,296	149,251	141,156
Cash dividends payable	56,125	-	136,425
Lease liabilities (including current and non-current)	32,865	36,453	19,210
Long-term debt (including current portion)	50,560	100,653	766
	$ 821,023	**907,255**	**1,226,238**

(Continued)

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

(ii) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

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

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	June 30, 2023				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:					
Derivatives－foreign exchange swaps	$ 903	-	903	-	903
	$ 903	**-**	**903**	**-**	**903**
Financial liabilities at fair value through profit or loss:					
Derivatives－foreign currency forward contracts	$ (663)	-	(663)	-	(663)
Derivatives－foreign exchange swaps	(308)	-	(308)	-	(308)
	$ (971)	**-**	**(971)**	**-**	**(971)**
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	**$ 7,312**	**-**	**-**	**7,312**	**7,312**

(Continued)

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

	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

	June 30, 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	$ 547	-	547	-	547
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

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.

(iii) Credit risk

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

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

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of June 30, 2023, December 31 and June 30, 2022, the Group had unused credit facilities of $2,590,502, $2,621,803 and $2,381,467, 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
June 30, 2023					
Non-derivative financial liabilities:					
Short-term borrowings	$ 169,483	169,483	-	-	-
Notes and accounts payable	395,551	395,551	-	-	-
Other payables	116,296	116,296	-	-	-
Cash dividends payable	56,125	56,125	-	-	-
Lease liabilities (including current and non-current)	34,101	11,268	7,905	14,928	-
Long-term debt (including current portion)	53,183	1,570	975	50,638	-
	$ 824,739	**750,293**	**8,880**	**65,566**	**-**
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	$ 118,518	118,518	-	-	-
Inflow	(117,855)	(117,855)	-	-	-
Foreign exchange swaps:					
Outflow	201,195	201,195	-	-	-
Inflow	(201,790)	(201,790)	-	-	-
	$ 68	**68**	**-**	**-**	**-**
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	$ 230,468	230,468	-	-	-
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	-
Long-term debt (including current portion)	103,521	2,470	101,051	-	-
	$ 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**	**-**	**-**	**-**

(Continued)

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

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
June 30, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	$ 370,498	370,498	-	-	-
Notes and accounts payable	559,973	559,973	-	-	-
Other payables	141,156	141,156	-	-	-
Cash dividends payable	136,425	136,425	-	-	-
Lease liabilities (including current and non-current)	19,619	14,197	4,718	704	-
Long-term debt (including current portion)	818	286	532	-	-
	$ 1,228,489	1,222,535	5,250	704	-

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

(v) Foreign currency risk

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

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

	December 31, 2022				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	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

(Continued)

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

	June 30, 2022				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
Financial assets					
Monetary items					
CNY	$ 8,426	4.44	37,411	1 %	374
USD	13,810	29.72	410,433	1 %	4,104
JPY	33,102	0.2182	7,223	1 %	72
Financial liabilities					
Monetary items					
USD	11,516	29.72	342,256	1 %	3,423
JPY	17,668	0.2182	3,855	1 %	39

As the Group deal 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 six months ended June 30, 2023 and 2022 were $(2,440) and $8,463, respectively.

(y) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(x) of the consolidated financial statements for the year ended December 31, 2022.

(z) Capital management

The objectives, policies and processes of capital management of the Group are in conformity with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2022 for related details.

(aa) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities was as follows:

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

(Continued)

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

				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	June 30, 2022
Short-term loans	$ 87,723	156,810	122,161	2,014	-	-	368,708
Short-term borrowings	-	(61)	850	(23)	-	-	766
Lease liabilities	20,576	(8,971)	5,464	228	2,344	(431)	19,210
Total liabilities from financing activities	$ 108,299	147,778	128,475	2,219	2,344	(431)	388,684

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 June 30, 2023 and 2022. 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 Asia Pacific Corp. ("BQP")	Qisda's subsidiary
Metaguru Corporation ("MRU")	Qisda's subsidiary
Guru Systems (Suzhou) Co., Ltd. ("GSS")	Qisda's subsidiary
BenQ AB DentCare Corporation ("BABD")	Qisda's subsidiary
MetaAge Corporation ("MetaAge")	Qisda's subsidiary
AdvancedTEK International Corp. ("AdvancedTEK")	Qisda's subsidiary
Concord Medical Co., Ltd. ("Concord")	Qisda's subsidiary

(Continued)

Name of related party	Relationship with the Group
Partner Tech Corp. ("PTT")	Qisda's subsidiary
Darly Venture Inc. ("APV")	Qisda's subsidiary
Darly2 Venture Co., Ltd. ("Darly2")	Qisda's subsidiary
Darly Consulting Corporation ("Darly C")	Qisda's subsidiary
Visco Vision Inc. ("Visco Vision")	Qisda's associate
AU Optronics Corp. ("AU")	A corporate director of Qisda that accounted its investment in Qisda using the equity method.
AU Optronics (Xiamen) Corp. ("AUXM")	AU's subsidiary
AUO Crystal Corp. ("ACTW")	AU's subsidiary
Yan Ying Hao Trading (ShenZhen) Co., Ltd. ("DYTH")	AU's subsidiary
Global Intelligence Network Co., Ltd. ("Ginnet")	MetaAge's subsidiary
Epic Cloud Co., Ltd. ("Epic Cloud")	MetaAge's subsidiary
Symbio Inc. ("Symbio")	The Company's director is Symbio's key management
Pro Accutech Co., Ltd. ("Pro Accutech")	The Company's director is Pro Accutech's key management
Avatack Co., Ltd. ("Avatack")	The Company's director is Avatack's key management
Four Pillars Enterprise Co., Ltd. ("Four Pillars")	The Company's director is Four Pillars' key management

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.

(c) Significant related-party transactions

(i) Revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Ultimate controlling party	$ 972	1,978	4,185	2,809
Parent company	2,978	-	2,978	-
Other related parties	19,136	17,409	36,746	28,511
	$ 23,086	**19,387**	**43,909**	**31,320**

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.

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

(ii) Purchases

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Parent company	$ 2,578	2,070	7,727	6,523
Other related parties	804	3,192	939	6,197
	$ 3,382	**5,262**	**8,666**	**12,720**

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	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	Ultimate controlling party	$ 1,014	11,836	1,617
	Other related parties	22,405	13,273	22,252
		$ 23,419	**25,109**	**23,869**

(iv) Payables

Account	Related-party categories	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts payable	Parent company	$ 2,565	1,684	1,733
	Other related parties	890	32	2,453
Other payables	Ultimate controlling party	371	177	549
	Parent company	1,287	700	700
	Other related parties	552	535	1,475
Dividends payable	Parent company	26,979	-	48,562
		$ 32,644	**3,128**	**55,472**

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

(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 three months and six months ended June 30, 2023 and 2022, the related interest expense on lease liabilities amounted to $2, $15, $5 and $33, respectively. As of June 30, 2023, December 31 and June 30, 2022, the balance of the lease liabilities amounted to $547, $611 and $1,207, respectively.

The Group leased its office to related parties. For the three months and six months ended June 30, 2023, the rental income amounted to $710 and $1,139, respectively and was recognized in other income.

(vi) Equity transaction

Referring to note 6(i)(iii), on July 1, 2022, the Group acquired 83% equity ownership of AEG from Qisda's subsidiaries, APV, Darly2 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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Short-term employee benefits	$ 3,173	5,369	6,663	11,895
Post-employment benefits	50	50	101	101
	$ 3,223	**5,419**	**6,764**	**11,996**

8. Pledged assets

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

Pledged assets	Pledged to secure	June 30, 2023	December 31, 2022	June 30, 2022
Pledged time deposits (recognized in financial assets measured at amortized cost－current)	Guarantee payment for import VAT	$ 1,000	616	611
Other equipment	Long-term debt	103	199	316
Notes receivable	Short-term borrowings	75,005	111,803	150,279
Property, plant and equipment	Guarantee payment for procurement	29,190	29,979	-
		$ 105,298	**142,597**	**151,206**

(Continued)

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

9. Significant commitments and contingencies

As of June 30, 2023, December 31 and June 30, 2022, the Group had issued promissory notes amounting to $2,288,600, $2,286,380 and $2,357,459, 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:

	For the three months ended June 30, 2023			For the three months ended June 30, 2022 (Restated)		
	Cost of sales	**Operating expenses**	**Total**	**Cost of sales**	**Operating expenses**	**Total**
Employee benefits:						
Salaries	-	83,819	83,819	2,460	88,621	91,081
Insurance	-	9,436	9,436	148	9,082	9,230
Pension	-	5,665	5,665	97	5,807	5,904
Others	-	2,729	2,729	69	3,643	3,712
Depreciation	53	9,653	9,706	648	8,580	9,228
Amortization	-	3,485	3,485	-	3,046	3,046

	For the six months ended June 30, 2023			For the six months ended June 30, 2022 (Restated)		
	Cost of sales	**Operating expenses**	**Total**	**Cost of sales**	**Operating expenses**	**Total**
Employee benefits:						
Salaries	-	165,731	165,731	4,834	162,477	167,311
Insurance	-	19,647	19,647	326	16,763	17,089
Pension	-	11,520	11,520	193	10,630	10,823
Others	-	5,592	5,592	204	6,719	6,923
Depreciation	144	19,305	19,449	7,209	15,391	22,600
Amortization	-	6,866	6,866	-	4,090	4,090

(b) Seasonality operations

The Group’s operations were not significantly influenced by seasonality or cyclicality factors.

(Continued)

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

13. Additional disclosures:

(a) Information on significant transactions:

(i) Financing provided to other parties: Table 1 (attached)

(ii) Guarantee and endorsement provided to other parties: None

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities): Table 2 (attached)

(iv) Marketable securities for which the accumulated purchase or sale amounts exceed $300 million or 20% of the paid-in capital: None

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: None

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: Table 3 (attached)

(ix) Information about derivative instrument transactions: Please refer to note 6(b)

(x) Business relationships and significant intercompany transactions: Table 4 (attached)

(b) Information on investees: Table 5 (attached)

(c) Information on investment in Mainland China: Table 6 (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 %

(Continued)

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

14. Segment information

The Group has four reportable segments: the Taiwan operating segment, the China operating segment, the sales and service of semiconductor equipment material segment, and the energy saving and storage segment. The Taiwan operating segment is a distributor for the sale of inverters and automation control and mechanical transmission systems in Taiwan, while the China operating segment is a distributor for the sale of mechanical transmission and automation control systems and the wholesale and retail of industrial robotics related products in China. The sales and service of semiconductor equipment material segment engages mainly in the sales of semiconductor, optoelectronics and machinery equipment 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:

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

	For the three months ended June 30, 2022						
	Taiwan	**Mainland China**	**Sales and service of semiconductor equipment material**	**Energy saving and storage**	**Others**	**Adjustments and eliminations**	**Total**
External revenue	$ 336,445	436,156	171,778	84,688	23,920	-	1,052,987
Intra-group revenue	859	101,365	3,812	-	-	(106,036)	-
Total segment revenue	**$ 337,304**	**537,521**	**175,590**	**84,688**	**23,920**	**(106,036)**	**1,052,987**
Segment profit (loss)	**$ 38,733**	**3,394**	**19,255**	**10,036**	**534**	**(2,286)**	**69,666**

(Continued)

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

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

	For the six months ended June 30, 2022						
	Taiwan	**Mainland China**	**Sales and service of semiconductor equipment material**	**Energy saving and storage**	**Others**	**Adjustments and eliminations**	**Total**
External revenue	$ 753,969	866,622	236,023	100,090	44,585	-	2,001,289
Intra-group revenue	3,880	267,728	4,932	-	-	(276,540)	-
Total segment revenue	**$ 757,849**	**1,134,350**	**240,955**	**100,090**	**44,585**	**(276,540)**	**2,001,289**
Segment profit (loss)	**$ 81,126**	**9,444**	**27,006**	**9,297**	**1,512**	**(4,239)**	**124,146**

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Financing provided to other parties

For the six months ended June 30, 2023

(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	303,121	300,279	171,588	0%	2	-	Operating requirement	-	-	-	396,763	793,526
0	The Company	Suzhou Super Pillar	Other receivables from related parties	Yes	173,212	171,588	30,028	0%	2	-	Operating requirement	-	-	-	396,763	793,526
1	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	21,770	21,770	21,770	0%	2	-	Operating requirement	-	-	-	549,351	549,351
2	Porton Inc.	Tianjin Ace Pillar	Other receivables from related parties	Yes	12,440	12,440	12,440	0%	2	-	Operating requirement	-	-	-	430,540	430,540

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 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 3: Nature of Financing

1 Business transaction purpose

2 Short-term financing purpose

Note 4: The above transactions are eliminated when preparing the consolidated financial statements.

ACE PILLAR CO., LTD. AND SUBSIDIARIES

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

June 30, 2023

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

Table 2

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	June 30, 2023				Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair value	
STC	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income－non-current	27	Note 1	1.71%	-	-
STC	Stock: COMPITEK CORP PTE LTD. (CPL)	-	Financial assets at fair value through other comprehensive income－non-current	36	7,312	6.28%	7,312	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost－non-current	USD 100	3,249	-	3,249	-

Note 1: The impairment loss was fully recognized.

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Receivables from related parties which exceed $100 million or 20% of the paid-in capital

June 30, 2023

(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 3

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 Pillar	Parent/Subsidiary	171,588	-	-		-	-

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 six months ended June 30, 2023

(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 4

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	171,588	1 year	5.52%
1	Advancedtek Ace	Tianjin Ace Pillar	3	Revenue	32,811	T/T 30 days	2.06%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:
1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: The relationships with counterparties are as follows:
No. "1" represents the transactions from the Company to subsidiary.
No. "2" represents the transactions from subsidiary to the Company.
No. "3" represents the transactions between subsidiaries.

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

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

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Information of investees (excluding information on investments in Mainland China)

For the six months ended June 30, 2023

(Amounts in thousands of New Taiwan dollars / shares, unless specified otherwise)

Table 5

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note)		Balances as of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit/ (Losses) of the Investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
The Company	Cyber South	SAMOA	Investment and holding activity	107,041	107,041	4,669	100.00%	549,351	(18,146)	(16,777)	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%	11,066	(868)	(868)	Note 1
Cyber South	Proton	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	430,540	(18,852)	Note 2	Note 1
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	2,332	217	Note 2	Note 1
The Company	STC	Taiwan	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	187,000	187,000	4,680	60.00%	215,295	8,811	3,646	Note 1
STC	STCBVI	B.V.I.	Investment and holding activity	21,727	21,727	600	100.00%	118,940	6,822	Note 2	Note 1
AEG	BWA	Germany	Sales and service of energy management products	138,804	138,804	Note 3	100.00%	157,518	10,541	Note 2	Note 1
The Company	AEG	Taiwan	Energy technology service	166,760	166,760	4,993	99.86%	195,851	17,157	17,133	Note 1

Note: Original investment amounts include capitalization of retained earnings.

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

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

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Information on investment in Mainland China
For the six months ended June 30, 2023
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 6

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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 3)	Carrying Value as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 2023
					Outflow	Inflow						
Tianjin Ace Pillar	Sales of automation mechanical transmission system and component	1,097,737 (USD 35,297)	Direct and indirect investment	60,645 (USD 1,950)	-	-	60,645 (USD 1,950)	(22,472)	100.00%	(22,472)	509,135	125,533
Grace Transmission	Manufacture of automation mechanical transmission system and component	7,164 (RMB 1,670)	Indirect investment	4,976 (USD 160)	-	-	4,976 (USD 160)	(13)	100.00%	(13) (USD (0.4))	4,040 (USD 130)	-
Advancedtek Ace	Electronic system integration	9,330 (USD 300)	Indirect investment	4,665 (USD 150)	-	-	4,665 (USD 150)	217	100.00%	217 (USD 7)	2,305 (USD 74)	-
Suzhou Super Pillar	Manufacture and technology service of automation mechanical transmission system and control products	45,095 (USD 1,450)	Indirect investment	Note 2	-	-	Note 2	1,210	100.00%	1,210 (USD 40)	106,178 (USD 3,414)	-
Shanghai STC	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	14,928 (USD 480)	Indirect investment	14,928 (USD 480)	-	-	14,928 (USD 480)	6,775	100.00%	6,775	99,225	118,686

Note 1: Total amounts of paid-in capital includes direct investment and capitalization of liabilities.
Note 2: Suzhou Super Pillar was established by Cyber South's reinvestment.
Note 3: Investment income or loss was recognized based on the financial statements audited by the auditors of the Company.
Note 4: The amounts were translated into New Taiwan dollars at the exchange rates of US$1=NT$31.1 and CNY$1=NT$4.2897.

2. Limits on investments in Mainland China:

Company Name	Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
ACE	159,201 (USD 5,119)	159,201 (USD 5,119)	1,246,112
STC	14,928 (USD 480)	14,928 (USD 480)	107,963

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$31.1.
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.