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ACE PILLAR CO., LTD.

2023 Annual Report

Printed on April 10, 2024

I. Spokesperson

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Deputy Spokesperson

Name : Chen, Kuo-Mei

Title : Senior Director

Tel : (02) 2995-8400

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II. Location & Phone

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III. Stock Transfer Agency

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

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

Tel: (02)2504-8125

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

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CPA Firm: KPMG Peat Marwick

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Tel: (02) 8101-6666

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

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

Table of Contents

I. Letter to Shareholders

Implementation Results of 2023 Business Plan

(I) 2023 Annual Business Report

I. 2023 Annual Business Report

(I) The implementation results of the 2023 operational plan

All across the global business environment, the effects of geopolitical trade wars, the ongoing Russia-Ukraine war, and global inflationary pressures can be felt, and the economic outlook remains deeply uncertain; in the face of these difficulties, the existing economic order of the past decade demands to be restored. Given the continued slowdown in inventory digestion along the supply chain and the suppressed demand due to inflation, companies' operational capabilities are greatly challenged. With this in mind, our company strives to improve its existing businesses and internal processes. Through alliances with Standard Technology Corp., ACE Energy Co., Ltd., and Bluewalker, we continue to expand into the industries of intelligent automation, green energy, and semiconductors, in the hopes of realizing group integration benefits and ensuring that, under its diverse development operations, the company can effectively manage risk and create higher value.

Regarding the financial results for 2023 and the operational plan for 2024, we respectfully report as follows:

The Company's consolidated net operating revenue for 2023 was NT$3,052 million, representing a decrease of 19% compared to 2022. In 2023, the Company was affected by geopolitical tensions, inflation, and interest rate hikes, as well as the Russia-Ukraine war and the slow economic recovery in China, resulting in a consolidated net operating loss of NT$13 million and a consolidated net loss after tax of NT$17 million. The net loss attributable to the owners of the parent company was NT$21 million, with a loss per share after tax of NT$0.19.

The major products introduced in 2023 are focused on industry solutions and system integration. For motion control, we collaborated with international giants such as Akribis and Delta; by integrating motion control cards, PLCs, linear drives, optical sensing, and mechanical transmission, we developed high-speed and high-precision motion platforms, which have been utilized in various industries, including semiconductor equipment, manufacturing, new energy batteries, PCB, LED, and machine tools.

For variable frequency drive energy saving, we integrate Delta's high-efficiency IE5 reluctance motors with high-power variable frequency control, ABB charging piles and energy management product solutions in hardware and software modules, which serve a wide variety of applications including energy management, building automation, EV charging systems, fluid machinery, and energy-saving solutions for water pumps and air compressors. Combining with ACE Energy Co., Ltd.'s strengths in the energy-saving field, we offer air compressor energy-saving solutions, waste heat recovery, and IoT deployment along with the new energy management platform (PowerGlow). BlueWalker is also expanding its product line with higher power (≥5KVA) products and data center products, expanding UPS sales in Southwestern Europe, realizing energy-saving retrofits, and achieving the ESG policy goal of net-zero carbon emissions.

In the semiconductor field, Standard Technology has introduced a randomized error measurement solution that has been widely accepted by major memory manufacturers. In the wafer transfer equipment sector, they have developed a non-contact vacuum suction pen that has been adopted by semiconductor factories and precision optics plants. The packaging plants have also successfully introduced automated wafer transfer and sorting machines, as well as RFID projects, to assist customers in upgrading to automation.

(II) Profitability Analysis

Items			Fiscal Year 2023	Fiscal Year 2022
Financial income and expenditure	Operating cash flow (NT$ thousand)		184,562	(1,331)
	Cash flow from investing activities (NT$ thousand)		(2,664)	(90,978)
	Cash flow from financing activities (NT$ thousand)		(220,981)	(12,931)
Profitability	Return on assets (%)		-0.36	3.24
	Return on equity (%)		-0.81	4.63
	Capital adequacy ratio	Net operating profit (%)	-1.2	8.53
		Net profit before tax (%)	-0.55	11.46
	Net profit margin (%)		-0.56	2.59
	Earnings per share (NT$)		-0.19	0.70

(III) Research and Development Overview

A. Standard Technology Corp. independently developed a non-contact suction pen.

B. ACE Energy Co., Ltd. is investing in the development of an energy management system (PowerGlow).

II. Overview of the 2024 Operational Plan

The company's operating policies and important production and marketing policies for 2024 are as follows:

(I) In addition to continuing our development of total solutions for intelligent automation, energy management, and semiconductors, and introducing advanced smart manufacturing, AI automation, vision inspection, energy-saving/storage products, as well as MES, AIoT-related software and system architectures, we shall expand our service scope to assist customers in planning for industrial upgrades and enhancing competitiveness, including intelligent factory production lines, equipment automation, and smart building planning, all in the hopes of accelerating the expansion of value-added integration services and business opportunities.

(II) We shall expand the energy-saving and UPS energy storage business, actively seek cooperative partners, enhance value-added innovative businesses, and expand into related fields such as environmental energy, sustainable development, and circular economy.

(III) By expanding the development of systems/equipment/components/consumables in the semiconductor field, deploying optoelectronics and semiconductor industry technologies, and strengthening technical services, we intend to assist customers in improving technology integration and optimizing process capabilities, and enhance competitiveness and market share according to market trends.

(IV) In order to cultivate strategic partnerships with suppliers and customers, we shall integrate group resources and provide innovative services and products with flexibility; with empathetic after-sales service and rapid response, we aim to accurately assess the needs of our customers and provide pre-, mid- and post-services, for the purpose of accumulating company reputation and deepening cooperative relationships to increase customer stickiness.

(V) We shall adjust inventory management mechanisms and optimize inventory management, supply chain coordination, and transportation and sales costs, with the intention of meeting customer delivery times and enhancing market competitiveness and profitability.

(VI) We are highly committed towards ESG policies and corporate sustainability, and we seek to fulfill corporate social responsibilities and advance towards net-zero carbon emissions and environmental sustainability.

(VII) With the aim of diversifying operational risks and enhance operational efficiency, we shall expand into emerging markets such as Southeast Asia, and increase revenue sources from different sectors.

Considering that the global economic environment is still full of uncertainties, looking ahead to 2024, Ace Pillar will strive for long-term market deployment and adjust its development direction in line with economic conditions. We will build diversified and cross-industry integrated technological capabilities, pay attention to changes in international situations and economic developments, and move towards diverse development to reduce the significant impact on the company's operations when some industries and markets suffer from economic downturns. Ace Pillar will cultivate the adaptability to dramatic changes in technological development and economic conditions in the future, ensuring that the company can effectively manage risk and create higher value under diverse operations.

The Company will also adhere to the business philosophy of sustainable development and circular economy, implement corporate governance norms, and create a sustainable working environment for employees. We will continue to solidify the existing customer base, introduce products that meet market demands, integrate applications to extend business reach and expand diverse operations, and provide customers with more value-added services. By adopting a positive mindset, we shall be prepared for any economic downturn, and we will strive to make our business grow, in hopes of giving back to shareholders and the general public for all their support.

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

II. Company Profile

(I) Date of Founding: March 31. 1984

(II) Company History:

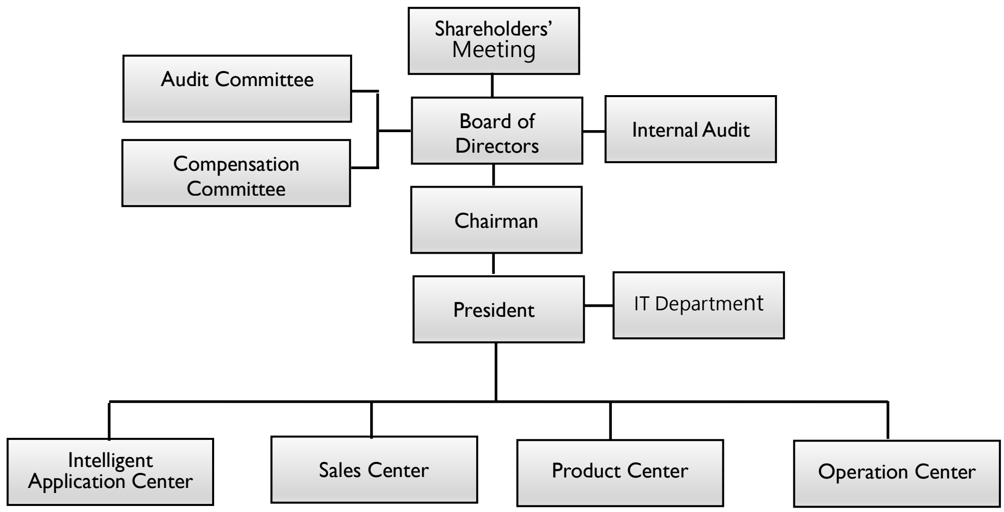
1984	Ace Pillar Trade Co. was established with a capital of NT$2,000,000 to distribute transmission parts and components.
1987	Danfoss products imported from Denmark began trial sales and were successfully used in trademark printing machines.
	Acquired the exclusive distributorship of electromagnetic clutch and brakes in Taiwan from Rosen Co. Ltd.
1988	Introduced Japan Yokogawa Electric DD direct drive servo motor and its control technology, which was successfully applied to label printer.
	Acquired the direct distributorship of Helical Corporation (USA) and Centa Corporation (Germany).
1991	Obtained the sole distributorship of Step Precision Division of Danfoss in Taiwan.
	Acquired the sole distributorship of Zero-Max, Inc.
	Expanded business in Central Taiwan and established Taichung sales office.
1992	Moved the head office to the purchased Armstrong corporate headquarters; expanded the business in the southern region and established the Tainan sales office.
1996	Acquired the distributorship of Delta General Purpose Inverter from Delta Electronics Inc.
1999	Acquired distributorship of ATLANTA (Germany) and CAMCO (USA).
2001	Ace Pillar Trade Co. changed its name to Ace Pillar Co., Ltd.
	Investment in Tianjin Ace Pillar Co., Ltd. with 21.04% shareholding.
2002	Acquired the distributorship of TECO's general-purpose servo motors.
	Reinvestment in Tianjin Ace Pillar Co., Ltd. and acquired 49.73% of the shares, resulting in a consolidated ownership of 70.77%.
	Approved as a public company by the Securities and Futures Commission, Ministry of Finance.
	Received ISO-9001: 2000 International Quality Certification.
2003	Acquired the distributorship of Dyadic electric cylinder.
	Expanded the business in Zhumiao area and established Hsinchu sales office.
	Awarded by the National Tax Bureau as a good opening unified invoices issuer.
2004	The company's shares are listed on the stock exchange.
	Investment in Hong Kong Ace Pillar Enterprise Co., Ltd. with 99% shareholding.
	Passed the examination of the service energy registration of the automation technology service organization of the Industrial Development Bureau, Ministry of Economic Affairs.
	Relocated the warehouse to the Wugu Industrial Area.
2005	Investment in ACE PILLAR(S) PTE. LTD., with 60% shareholding.
	Acquired the distributorship of CKD air compressor in Japan.
2006	Investment in Grace Transmission (Tianjin) Co., Ltd. with 100% shareholding.
	Acquired the distributorship of Sony Optical Scale in Japan.
2007	Received the 5th Golden Root Award from Taiwan Association for the Promotion of Industrial Technology.
	Awarded the 3rd Manpower Innovation Award by the Council of Labor Affairs, Executive Yuan.
	Expanded business in North Taiwan and established Taoyuan sales office.
2008	Passed the service examination of automation technology service organization by the Bureau of Industry, Ministry of Economic Affairs.

	Company stock went public.
	Awarded the County and City-Level Friendly Excellent Business Unit by the Council of Labor Affairs, Executive Yuan.
2009	Investment in AdvancedTek Ace(Tj) Inc. with 50% shareholding.
	Reinvestment in Hong Kong Ace Pillar Enterprise Co.,Ltd. and acquired 1% of the shares, resulting in a 100% ownership.
2010	Reinvestment in ACE PILLAR(S) PTE. LTD. and acquired 40% of the shares, resulting in a 100% ownership
	Received ISO-9001: 2008 International Quality Certification.
	Sold 1% equity interest in AdvancedTek Ace(Tj) Inc., reducing the shareholding ratio to 49%.
2011	Investment in Suzhou Super Pillar Automation Equipment Co., Ltd. with 100% shareholding.
	Issued the first domestic unsecured convertible bonds for NT$400 million.
	Reinvestment in Tianjin Ace Pillar Co., Ltd. and acquired 29.23% of the shares, resulting in a 100% ownership.
	Awarded the Best Promotion Award for Digital Learning by the Small and Medium Enterprises Division of the Ministry of Economic Affairs.
2012	Purchased the factory office in Koufu Road, Sanchong.
2013	Awarded "Best Supplier" by Gallant Precision Machining Co., Ltd.
	Acquired the distributorship of linear products of Precision Motion Industries, Inc.
	Acquired distributorship of bearings from Tung Pei Industrial Co., Ltd.
2014	Moved our Taipei office to 4F, No. 4, Lane 83, Sec. 1, Guangfu Road.
	Acquired the distributorship of motion control cards from Centaur Industrial Control Co., Ltd.
	Reinvestment in AdvancedTek Ace(Tj) Inc., acquiring 51% equity interest to reach 100% shareholding.
	Moved the company to 2F, No. 7, Lane 83, Sec. 1, Guangfu Road.
	Awarded CITD grant from the Industrial Development Bureau for the "Assistance in Technology Development Program for Traditional Industries".
2015	Expanded business in Kaohsiung area and established Kaohsiung sales office.
	Passed the examination of the service energy registration of the automation technology service organization of the Industrial Development Bureau, Ministry of Economic Affairs.
2016	Obtained Delta Maintenance Center certification.
2017	Sold 100% of the shares of ACE PILLAR(S) PTE. LTD.,
	Canceled 100% equity interest in Tianjin Zhongma Robotics Co., Ltd.
	Sold 16.67% equity interest in Miki Pulley Co., Ltd.
	Sold 100% shareholding in Xuchang Ace AI Equipment Co., Ltd.
2019	Cash capital increase for private placement of common stock and introduction of strategic investor "DFI Inc. and joined Qisda's joint fleet.
2020	Acquired the distributorship of the whole series of robot arm products from Epson Technology Co.
	Acquired the distributorship of Techman Robot Inc.
	Increase capital of subsidiary Tianjin Ace Pillar Co., Ltd.
2021	Purchased a commercial office on Zhongyuan Road, Xinzhuang.
	DFI Inc. publicly acquired 12.87% of the Company's shares, resulting in a cumulative shareholding of 48.07%.
2022	Relocated to 12F, No. 558, Zhongyuan Road, Xinzhuang District, New Taipei City.
	Investment in Standard Technology Corp. with a 60% shareholding.
	Investment in BlueWalker GmbH and ACE Energy with 100% shareholding.
	Participated in the capital increase of ACE Energy and reduced the shareholding to 99.86%.
2023	Won "Corporate Sustainability Report Awards –Bronze Award"

III. Corporate Governance

(I) Organization

1. Organizational Structure



2. Business Scope for Main Department

Department	Majority Focus
Internal Audit	1. Establishment and implementation of audit system 2. Formulation and reporting of annual audit plan 3. Provide advice on system improvement
IT Department	1. Overall computerized operation planning and execution, internal and external network connection mechanism establishment 2. Planning and execution of data processing in departments, management and maintenance of information systems, training and seminars on computer expertise, etc.
Intelligent Application Center	To provide robot arm-centered and peripheral software and hardware total solutions to help realize intelligent factory planning and services.
Sales Center	1. Sales of products 2. Customer service and management
Product Center	1. Introduction of new products, product training for customers 2. Product and system integration, technical support and application development, product testing and analysis, maintenance, etc.
Operation Center	1. Raw material procurement and warehousing management 2. Capital planning, capital allocation and control, investment and stock operations 3. Accounting, tax operations and management, cost analysis and management 4. Talent recruitment, training and development, performance evaluation, salary and benefits 5. Management of equipment and assets, general administration, general affairs, and risk management

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

1. Director Information

March 30, 2024; Unit of shares: unit

Title	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Ace Pillar and Other Companies	Note:1
							Shares	%	Shares	%	Shares	%	Shares	%			
Chairman	Republic of China	DFI Inc.	-	2022.06.14	3year	2019.11.13	53,958,069	48.07%	53,958,069	48.07%	0	0.00%	0	0.00%	Master of Department of Mechanical Engineering, NTU Senior Director of Smart City Marketing Center, Intelligent Solutions Business Group, Qisda Corporation	The president of Smart Solution Business Group of Qisda Corporation Chairman: AEWIN Technologies Co.,Ltd. Metaage Corporation Board Director: DFI Inc. APLEX Technology Inc. Partner Tech Corp. La Fresh Information Co., Ltd. Marketop Smart Solutions Co., Ltd. BenQ Guru Holding Limited BenQ Guru Software Co., Ltd.	None
	Republic of China	Representative Tseng, Wen-Hsing (Note 2)	Male 51-60	2024.03.22	1.2 year	2024.03.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%			
Director	Republic of China	DFI Inc.	-	2022.06.14	3year	2019.11.13	53,958,069	48.07%	53,958,069	48.07%	0	0.00%	0	0.00%	Bachelor of Department of Mechanical Engineering, NTU Chairman, AcePillar Co., Ltd. Manager, Four Pillars Enterprise Co., Ltd.	Honorary Chairman, Ace Pillar Co., Ltd. Board Director: Hong Kong Ace Pillar Enterprise Co.,Ltd. AdvancedTek Ace(Tj) Inc. Suzhou Super Pillar Automation Equipment Co., Ltd. Symbio, Inc. Director&President: Pro Accutech Co., Ltd.	
	Republic of China	Representative Lin, Chih-Chen	Male 71-80	2022.06.14	3year	1984.03.20	568,122	0.51%	410,014	0.37%	295,618	0.26%	0	0.00%			
Director	Republic of China	DFI Inc.	-	2022.06.14	3year	2019.11.13	53,958,069	48.07%	53,958,069	48.07%	0	0.00%	0	0.00%	Master of Science in Mechanical Engineering from USC Business Head of Intelligent Connectivity Solutions Division at LITE-ON Technology Corporation Marketing Director for BenQ Medical Ultrasound R&D/Marketing/Director of Projector/Vehicle Electronics/Video Surveillance at Qisda Corporation Section Manager of Taiwan Telecommunication Industry Co. Ltd.	President, AcePillar Co., Ltd. Chairman: Tianjin Ace Pillar Co., Ltd. ACE Energy Co., Ltd. Suzhou Super Pillar Automation Equipment Co., Ltd. Vice Chairman,Standard Technology Corp. Board Director: Cyber South Management Ltd. Proton Inc. Ace Tek(HK) Holding Co.,Ltd. H2 Energy Co., Ltd.	
	Republic of China	Representative Li, Chang-Chien	Male 51-60	2022.06.14	3year	2019.11.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%			
Director	Republic of China	DFI Inc.	-	2022.06.14	3year	2019.11.13	53,958,069	48.07%	53,958,069	48.07%	0	0.00%	0	0.00%	Master of Department of Electrical Engineering, NTU Bachelor of Electrical Engineering, NTU COO, AEWIN Technologies Co.,Ltd.	COO, DFI Inc. Board Director: DFI Inc. AEWIN Technologies Co.,Ltd. Diamond Flower Information (NL) B.V. DFI Co.,Ltd. DFI AMERICA ,LLC. Yan Tong Technology Ltd.	None
	Republic of China	Representative Su, Chia-Hung	Male 51-60	2022.06.14	3year	2021.11.05	0	0.00%	0	0.00%	0	0.00%	0	0.00%			

Title	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Ace Pillar and Other Companies	Note:1
							Shares	%	Shares	%	Shares	%	Shares	%			
Director	Republic of China	DFI Inc.	-	2022.06.14	3year	2019.11.13	53,958,069	48.07%	53,958,069	48.07%	0	0.00%	0	0.00%	Master of Department of Graduate Institute of Finance, NTUST Lite-On Technology Corp.	Senior Director, DFI Inc. Boad Director: AEWIN Technologies Co.,Ltd. Diamond Flower Information (NL) B.V. DFI Co.,Ltd. DFI AMERICA ,LLC. Yan Tong Technology Ltd Supervisor,Yan Ying Hao Trading (ShenYan) Co., Ltd	
	Republic of China	Representative Huang, Li-Min	Female 51-60	2022.06.14	3year	2019.11.13	5,000	0.004%	5,000	0.004%	0	0.00%	0	0.00%			
Director	Republic of China	Han-Yu Investment Co., Ltd.	-	2022.06.14	3year	2002.06.28	10,176,013	9.07%	10,176,013	9.07%	0	0.00%	0	0.00%	Bachelor of Department of Business Administration,NCCU MBA, New Mexico State Universit EMBA, China Europe International Business School Chairman, Avatack Co., Ltd.	Chairman: Avatack Co., Ltd. Symbio, Inc. Board Director: Four Pillars Enterprise Co., Ltd.	
	Republic of China	Representative Yang, Hwei-Ling	Female 61-70	2022.06.14	3year	2008.06.13	360,025	0.32%	360,025	0.32%	0	0.00%	0	0.00%			
Independent Director	Republic of China	Yeh, Sheng-Fa	Male 61-70	2022.06.14	3year	2019.11.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Business School,City University of Seattle Chairman, Gallant Precision Machining Co., Ltd. Chairman, Gallant Micro. Machining Co., Ltd. Chairman, Walton Advanced Engineering, Inc. Independent Director, Zhong Yany Technology Co., Ltd. President, King Ultrasonic Co., Ltd.	Audit Committee and Compensation Committee Member,Ace Pillar Co., Ltd. Chairman: Sunengine Corporation Ltd. Natsume Smartech Co., Ltd. Boad Director: 3S Silicon Tech.,Inc. King Ultrasonic Co., Ltd. SkyLine Technology Co., Ltd. Favite Inc. Supervisor Solomon Goldentek Display Corp.	
Independent Director	Republic of China	Lee, Liang-Yoo	Male 71-80	2017.06.16	3year	2019.11.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Institute of Computer Science and Control Engineering · National Chiao Tung University. President · Philips communication and Processing Taiwan Ltd. Ceo, Origin Greater China Coo, Leo Systems, Inc. Ceo,V2PLUS Asia Pacific President, Chung Hua Enterprise Management Development Center Ltd. Coo, E-Business Segment, Lite-On group CIO,Four Pillars Enterprise Co., Ltd.	Audit Committee and Compensation Committee Board Director, Ace Pillar Co., Ltd. Board Director, Pershing Technology Services Corp. Senior Advisor, AIRA Corporation Senior Advisor, Unimicron Technology Corp., Senior Advisor, Qun Hong Technology Inc. Senior Advisor, Subtron Technology Co., Ltd. Inc.	

Title	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Ace Pillar and Other Companies	Note:1
							Shares	%	Shares	%	Shares	%	Shares	%			
Independent Director	Republic of China	Yang, Chi-Hang	Male 71-80	2022.06.14	3year	2019.11.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D.,Department of Electronics and Computer Science, University of Southampton. Chairman, Department of Computer Science and Information Engineering ,TKU President, Memobyte Computer Co., Ltd. President, Chung Chou University of Science and Technology. Executive Assistant to the chairman, Fusheng Industrial Co., Ltd. Vice president, Top Machine Co., Ltd. Chief Advisor, Environment Protection Administration Senior Advisor, Ministry of Transportation and Communications Dean of academic affairs, National Kaohsiung First University of Science and Technology Vice president, National Kaohsiung First University of Science and Technology. Director General,Department of International Cooperation, National Science and Technology Council Director, Science and Technology Division, National Science and Technology Council in San Francisco. Confidential Secretary to the Minister, National Science and Technology Council. Board Director,Taiwan Cultural & Creativity Development Foundation	Audit Committee and Compensation Committee Member,Ace Pillar Co., Ltd. Chairman, SVT Investment Co. , Ltd Independent Board, Director, Medeon Biodesing, Inc.	

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

Note 2: On March 22, 2024, the legal entity DFI Inc. appointed Tseng, Wen-Hsing as the representative, and the former representative Lee,Chang-Hung was dismissed.

Note 3: Any Executive, Director, or supervisor who is a spouse or relative within the second degree of kinship: None.

Substantial shareholders of the corporate shareholder

Name of corporate shareholders (Note 1)	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
DFI Inc. (Note 2)	Qisda Corporation	45.08%
	BVI Gordias Investment Limited	13.74%
	Darly2 Venture, Inc.	8.01%
	BVI Hyllus Investments Limited	7.48%
	Darly Venture Inc.	2.00%
	YouShang Investment Co., Ltd.	1.84%
	Huang, Mu-jhen	0.90%
	Huang, Mu-chen	0.90%
	Kai Ju Investment development Co., Ltd.	0.80%
	Zhenchen Investment Co., Ltd.	0.79%
Han-Yu Investment Co., Ltd. (Note 3)	Wexford Ltd. (Samoa)	100%

Note 1: For directors acting as the representatives of institutional shareholders
Note 2: Source of information for DFI Inc. is recorded as of the book closure date of DFI Inc. on Apr. 1, 2024.
Note 3: Source of information for Department of Commerce, MOEA

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

Name of institutional shareholders	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
Qisda Corporation (Note 1)	AU Optronics Corp.	11.96%
	Acer Inc.	4.53%
	Taishin International Bank in custody for employee stock ownership trust of Qisda Corp.	3.97%
	Taipei Fubon Commercial Bank Co., Ltd. entrusted to custody the Fu Hua Taiwan Technology Dividend ETF Securities Investment Trust Fund Account.	3.73%
	Konly Venture Corp.	2.55%
	Darfon Electronics Corp.	2.03%
	Hua Nan Commercial Bank in custody for Yuanta Taiwan High Dividend Value ETF Securities Investment Trust Fund	1.49%
	JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the special investment accounts of J.P. Morgan Asset Management	1.25%
	Chunghwa Post Co., Ltd.	0.98%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.95%
BVI Gordias Investment Limited	Horizontal Global Investments Ltd.	84.84%
Darly2 Venture, Inc. (Note 2)	Qisda Corporation	100.00%
BVI Hyllus Investments Limited	Tiger Focus Holdings Limited (BVI)	84.84%
Darly Venture Inc. (Note 2)	Qisda Corporation	100.00%
YouShang Investment Co., Ltd. (Note 2)	Lu, Ying-Kui	73.15%
	Lu, Yan-Xing	2.46%
	Liu, Rui-Hua	6.15%
Kai Ju Investment development Co., Ltd.	JI, Nai-Rong	75%
	JI, Xin-Chen	12.5%
	JI, Kai-Ren	12.5%
Zhenchen Investment Co., Ltd. (Note 2)	Lu, Jie-Ru	15.33%
	Lu, Yan-Qi	23.14%
	Guo, Li-Yu	22.79%
Wexford Ltd.	KWONG CHING CHUNG	100.00%

Note 1: Source of information for Qisda is recorded as of the book closure date of Qisda on Mar. 31, 2024.
Note 2: Source of information for Department of Commerce, MOEA

Professional qualifications and independence analysis of directors

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

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

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

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

The Borad of Director Diversity and Independence.

A. The Borad of Director Diversity:

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

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

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

c. Specific Management Objectives

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

B. The Borad of Director Independence:

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

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

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Qisda and Other Companies	Remark (Note1)
					Shares	%	Shares	%	Shares	%			
President	Republic of China	Li, Chang-Chien	Male	2021.04.01	0	0.00%	0	0.00%	0	0.00%	Master of Science in Mechanical Engineering from USC Business Head of Intelligent Connectivity Solutions Division at LITE-ON Technology Corporation Marketing Director for BenQ Medical Ultrasound R&D/Marketing/Director of Projector/Vehicle Electronics/Video Surveillance at Qisda Corporation Section Manager of Taiwan Telecommunication Industry Co. Ltd.	Chairman: Tianjin Ace Pillar Co., Ltd. ACE Energy Co., Ltd. Suzhou Super Pillar Automation Equipment Co., Ltd. Vice Chairman,Standard Technology Corp. Cyber South Management Ltd. Proton Inc. Ace Tek(HK) Holding Co.,Ltd. H2 Energy Co., Ltd.	None
Senior Director	Republic of China	Chen, Kuo-Mei	Female	2020.03.16	0	0.00%	0	0.00%	0	0.00%	Master of Department of Accounting, TKU Vice President, Partner Tech Corp. Audit supervisor, Partner Tech Corp. Section Manager, Lian-Jhan Technology Co. Ltd.	Director: Cyber South Management Ltd. Proton Inc. Ace Tek(HK) Holding Co., Ltd. Supervisor Tianjin Ace Pillar Co., Ltd. AdvancedTek Ace(Tj) Inc. Suzhou Super Pillar Automation Equipment Co., Ltd. Standard Technology Corp. ACE Energy Co., Ltd.	

The Company's shares held by managers in the name of other persons: None.
Any spouse or relative within the second degree of kinship of any manager who serves as the Company's executive: None.

Note 1: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed.
Note 2 Managers who are spouse or relatives within the second degree of kinship :None
Note 3: Source of information for Number of shares held is recorded as of the book closure date on March 30. 2024

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

1. Compensation to Directors

December 31, 2023 Unit: NT$ 1,000

Title	Name	Director's compensation								Ratio of sum of items A, B, C and D to profit (%) (Note 4)		Remuneration received by directors who is an employee of the Company								Ratio of sum of items A, B, C, D, E, F and G to profit (%) (Note 7)		Compensation from investees other than Ace Pillar's subsidiaries or Parent Company (Note 8)
		Compensation (A) (Note 1)		Pension upon Retirement (B)		Director's Remuneration (C) (Note 2)		Business execution Expenses (D) (Note 3)				Salary, bonuses, and special expenses (E) (Note 5)		Pension upon retirement (F)		Employee's remuneration (G) (Note 6)						
		The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company	All Companies in the Consolidated Financial Statements (Note 7)	The company		All Companies in the Consolidated Financial Statements (Note 7))		The company	All Companies in the Consolidated Financial Statements (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Representative of DFI Inc.: Lee,Chang-Hung (Note)	1,200	1,200	0	0	0	0	20	20	-5.82%	-5.82%	0	0	0	0	0	0	0	0	-5.82%	-5.82%	20,502
Director	Representative of DFI Inc.: Lin, Chih-Chen	400	400	0	0	0	0	20	20	-2..01%	-2.01%	2,365	2,365	108	108	0	0	0	0	-13.81%	-13.81%	0
Director	Representative of DFI Inc.: Li, Chang-Chien	400	400	0	0	0	0	20	20	-2..01%	-2.01%	3,247	3,247	108	108	0	0	0	0	-18.02%	-18.02%	2,520
Director	Representative of DFI Inc.: Su, Chia-Hung	400	400	0	0	0	0	20	20	-2..01%	-2.01%	0	0	0	0	0	0	0	0	-2..01%	-2.01%	7,453
Director	Representative of DFI Inc.: Huang, Li-Min	400	400	0	0	0	0	20	20	-2..01%	-2.01%	0	0	0	0	0	0	0	0	-2..01%	-2.01%	4,463
Director	Representative of Han-Yu Investment Co., Ltd.: Yang , Hwei-Ling	400	400	0	0	0	0	20	20	-2..01%	-2.01%	0	0	0	0	0	0	0	0	-2..01%	-2.01%	0
Independent Director	Yeh, Sheng-Fa	520	520	0	0	0	0	20	20	-2.58%	-2.58%	0	0	0	0	0	0	0	0	-2.58%	-2.58%	0
Independent Director	Lee, Liang-Yoo	560	560	0	0	0	0	20	20	-2.77%	-2.77%	0	0	0	0	0	0	0	0	-2.77%	-2.77%	0
Independent Director	Yang, Chi-Hang	520	520	0	0	0	0	20	20	-2.58%	-2.58%	0	0	0	0	0	0	0	0	-2.58%	-2.58%	0

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

Note : On March 22, 2024, the legal entity DFI Inc. appointed Tseng, Wen-Hsing as the representative, and the former representative Lee,Chang-Hung was dismissed.

Note 1: Refers to compensation for Directors in 2023 (including salaries, job allowance, severance pay, bonuses, and performance fees).
Note 2: Refers to Directors' remunerations in 2023.
Note 3: Refers to Directors' business execution expenses in 2023 (including provisions of compensation, transport fees, special expenses, various subsidies, accommodations, or company vehicles and other physical items)
Note 4: Profit refers to the profit for the year in the 2023 parent company only financial statements of Ace Pillar Co., Ltd.
Note 5:This includes any remuneration received by a director for concurrent service as an employee in the 2023 (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. Salary expenses recognized as share-based payment under IFRS 2 including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc. should be included in the calculation of remuneration.
Note 6: Refers to employee's remuneration (including stock and cash) paid to Directors who also served as President, Vice President, other managers, or employees in 2023.
Note 7: All consolidated entities in the consolidated financial statements (including the company)
Note 8: Refers to compensation, remunerations (including remunerations for employees, Directors, and supervisors), business execution expenses, and other related payments received by Directors who served as Director, supervisor, or manager in investees other than ACE PILLAR CO., LTD.'s subsidiaries in 2023.
Note9: State the amount of the relevant remuneration received by the Company's directors from the investees or parent company other than the subsidiaries

2. Remuneration of Supervisors:

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

3. Remuneration for President and Vice Presidents

December 31, 2023 Unit: NT$ 1,000

Title	Name	Salary(A) (Note 1)		Pension upon retirement (B)		Bonuses and special expenses etc (C)(Note 2)		Employee's remuneration (D) (Note 3)				Ratio of sum of items A, B, C and D to profit (%) (Note 4)		Compensation from investees other than Ace Pillar's subsidiaries or Parent Company (Note 6)
		The company	All Companies in the Consolidated Financial Statements (Note 5)	The company	All Companies in the Consolidated Financial Statements (Note 5)	The company	All Companies in the Consolidated Financial Statements (Note 5)	The company		All Companies in the Consolidated Financial Statements (Note 5)		The company	All Companies in the Consolidated Financial Statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Li, Chang-Chien	2,400	2,400	108	108	847	847	0	0	0	0	-16.02%	-16.02%	2,520
Senior Vice President	Lin, Shih-Tth (Note7)	1,560	1,560	94	94	558	558	0	0	0	0	-10.56%	-10.56%	0
Vice President	Wang, Liang-Kuo (Note7)	1,320	1320	82	82	671	671	0	0	0	0	-9.90%	-9.90%	0

Note1: Refers to compensation for president and vice president in 2023, including salaries, job allowance and severance pay.
Note2:This includes any remuneration received by president and vice president in the 2023 (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. Salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.
Note3: Refers to remunerations for employee in 2023.
Note4: Profit refers to the profit for the year in the 2023 parent company only financial statements of Ace Pillar Co., Ltd.
Note5: All consolidated entities in the consolidated financial statements (including the company).
Note6:Refers to compensation including compensation, remuneration including remunerations for employees, Directors, and supervisors, business execution expenses, and other related payments received by president and vice president who served as Director, supervisor, or manager in investees other than ACE PILLAR CO., LTD.'s subsidiaries in 2023.
Note7: Lin, Shih-Tth retired on February 29, 2024, Wang, Liang-Kuo resigned on October 31, 2023.
Note7:State the amount of remuneration received by the President and Vice President of the Company from investee enterprises other than subsidiaries or from the parent company.

4. Remuneration to the Five Highest Remunerated Management Personnel

December 31, 2023 Unit: NT$ 1,000

Title	Name	Salary(A) (Note 1)		Pension upon retirement (B)		Bonuses and special expenses etc (C)(Note 2)		Employee's remuneration (D) (Note 3)				Ratio of sum of items A, B, C and D to profit (%) (Note 4)		Compensation from investees other than Ace Pillar's subsidiaries or Parent Company (Note 6))
		The company	All Companies in the Consolidated Financial Statements (Note 5)	The company	All Companies in the Consolidated Financial Statements (Note 5)	The company	All Companies in the Consolidated Financial Statements (Note 5)	The company		All Companies in the Consolidated Financial Statements (Note 5)		The company	All Companies in the Consolidated Financial Statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Li, Chang-Chien	2,400	2,400	108	108	847	847	0	0	0	0	-16.02%	-16.02%	2,520
Executive Assistant to the chairman	Lin, Chih-Chen	2,208	2,208	108	108	157	157	0	0	0	0	-11.81%	-11.81%	0
Executive Assistant to the chairman	Chen, Wen-Deh	2,239	2,239	108	108	7	7	0	0	0	0	-11.24%	-11.24%	0
President	Li, Bo-Wen	1,210	1,210	61	61	1,047	1,047	0	0	0	0	-11.07%	-11.07%	0
Senior Vice President (Note 7)	Lin, Shih-Tth	1,560	1,560	94	94	558	558	0	0	0	0	-10.56%	-10.56%	0

Note1: Refers to compensation for the five highest remunerated management personnel in 2023, including salaries, job allowance and severance pay.

Note2:This includes any remuneration received by five highest remunerated management personnel in the 2023 (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. Salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note3: Refers to remunerations for employee in 2023.

Note4: Profit refers to the profit for the year in the 2023 parent company only financial statements of Ace Pillar Co., Ltd.

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

Note6:Refers to compensation including compensation, remuneration including remunerations for employees, Directors, and supervisors, business execution expenses, and other related payments received by president and vice president who served as Director, supervisor, or manager in investees other than ACE PILLAR CO., LTD.'s subsidiaries in 2023.

Note7: Retire on February 29, 2024.

Note7:State the amount of remuneration received by the five highest remunerated management personnel of the Company from investee enterprises other than subsidiaries or from the parent company.

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

Unit: NT$ 1,000

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

Note1: Current Company managers as of the end of 2023. Information on titles of managers are accurate as of the publication date of the Annual Report

Note2: Refers to remunerations for employees in 2023.

Note3: Net income after taxes refers to the net income after taxes on the 2023 parent company only financial statements.

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

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

Unit: NT$ 1,000

Item	2023	2022
Net income after taxes on the Company's Parent Company Only Financial Statements	(20,946)	78,953
Ratio of compensation for Directors paid by the Company	-23.80%	7.65%
Ratio of compensation for Directors paid by all companies listed in the Consolidated Financial Statements	-23.80%	7.65%
Ratio of compensation for Managers such as Vice President or above paid by the Company	-36.47%	16.51%
Ratio of compensation for Managers such as Vice President or above paid by all companies listed in the Consolidated Financial Statements	-36.47%	16.51%

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

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

B. The remuneration of the Company's managers is determined based on the scope of responsibilities, job grades, and professional abilities of each position, with reference to market levels in the same industry. The payment of bonuses is highly linked to the Company's operating results and performance, and is also based on the Company's annual operating performance, financial status, operating conditions, and individual work performance.The Company's performance evaluation results executed in accordance with the "Performance Management Measures" serve as the reference basis for the payment of bonuses to managers. The performance evaluation items for managers are divided into two major parts: 1. Financial indicators, such as operating income, operating net profit, or net profit after tax, taking into account the manager's target achievement rate; 2. Non-financial indicators, such as promoting high value-added product solutions, new product development, exploring new markets, developing potential new customers, and key project objectives of annual operation strategies. These serve as the basis for calculating their operating performance remuneration. The Company's directors and managers' performance appraisals and the reasonableness of their remuneration are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors every year. In addition to considering individual performance achievement rates and contributions to the Company, the Company's overall operating performance, future industry risks and development trends are also taken into account. The remuneration system is reviewed in a timely manner based on actual operating conditions and relevant laws and regulations. Moreover, reasonable remuneration is given after comprehensively considering the current corporate governance trends.

(IV) Implementation of Corporate Governance

1. Operations of the Board of Directors

The Company had convened 4 Board of Directors meetings in 2023 with the following attendance:

Title	Name	Number of actual attendance (B)	Number of proxies attendance	Actual attendance rate (%) (B/A)	Remark
Chairman (Note)	Representative of DFI Inc. : Chang-Hung Lee	4	0	100%	
Director	Representative of DFI Inc. : Chih-Chen Lin	4	0	100%	
Director	Representative of DFI Inc. : Chang-Chien Li	4	0	100%	
Director	Representative of DFI Inc. :Chia-Hung Su	4	0	100%	
Director	Representative of DFI Inc. :Li-Min Huang	4	0	100%	
Director	Han-Yu Investment Co., Ltd.: Hwei-Ling Yang	4	0	100%	
Independent Director	Sheng-FaYeh	4	0	100%	
Independent Director	Liang-Yoo Lee	4	0	100%	
Independent Director	Chi-Hang Yang	4	0	100%	

Note: On March 22, 2024, the legal entity DFI Inc. appointed Tseng, Wen-Hsing as the representative, and the former representative Lee,Chang-Hung was dismissed.

Other items that shall be recorded:

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

a. Matters included in Article 14-3 of the Securities and Exchange Act: regulations from Article 14-3 are not applicable since the Company has already established an Audit Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Operations of the Audit Committee.(P.26-P.27)

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

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

Date of Board Meeting	Name of Director	Content of the Proposal	Reasons for Abstentions	Participation in Voting
203.03.01	Independent Director Yeh, Sheng-Fa	Release of current directors and their representatives from restrictions on competition	Director released from the restrictions on competition	Did not participate in discussion or voting
	Director, Li, Chang-Chien	Proposed compensation distribution to executive officers for FY2022	Serves as a manager of Ace Pillar Co., Ltd.	Did not participate in discussion or voting
	Director, Li, Chang-Chien	Proposed compensation targets for executive officers for FY2023	Serves as a manager of Ace Pillar Co., Ltd.	Did not participate in discussion or voting
	Director, Li, Chang-Chien	Proposed bonus and salary adjustment policy for executive officers for FY2023	Serves as a manager of Ace Pillar Co., Ltd.	Did not participate in discussion or voting
2023.05.03	Director Lin, Chih-Chen Li, Chang-Chien	Proposed loan of RMB20 million to a 100%-owned subsidiary, Suzhou Super Pillar Automation Equipment Co., Ltd.	Serves as a director of Suzhou Super Pillar Automation Equipment Co., Ltd.	Did not participate in discussion or voting

C. Implementation Status of Board Evaluations

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

b.The Company had completed the performance appraisal to the Board, the Board members and two Functional Committees by the end of 2023 and reported at the Board meeting in February of 2024, the grade is excellent indicating the efficient and good operation by the Board.

c.Implementation status:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Every three years	December 2021to December 2022	Effectiveness of the Board of Directors	The evaluation institution paper review and field survey	The eight main aspects: the composition, guidance, authorization,supervision, communication, self-discipline, internal control, and risk management of the board of directors.

Annually	January 2023 to December 2023	Board and Board members	Internal Self-Evaluation made by the Board and Board members	1.Alignment of the goals and missions of the company 2.Participation in the operation of the company 3.Management of internal relationship and communication 4.Improvement of the quality of the board of directors' decision making 5.Composition and structure of the board of directors 6.Awareness of the duties of a director 7.Election, professionalism and continuing education of the directors 8.Internal control
		Audit Committee	Internal Self-Evaluation made by Audit Committee	1.Participation in the operation of the company 2.Awareness of the duties of Audit Committee 3.Improvement of quality of decisions made by Audit Committee 4.Makeup of Audit Committee and election of its members 5.Internal control
		Remuneration Committee	Internal Self-Evaluation made by Remuneration Committee	1.Participation in the operation of the company 2.Awareness of the duties of Remuneration Committee 3.Improvement of quality of decisions made by Remuneration Committee 4.Makeup of Remuneration Committee and election of its members

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

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

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

2. Operations of the Audit Committee

The Company had convened 4(A) Audit Committee meetings in 2023 with the following attendance:

Title	Name	Attendance in Person(B)	Number of times attended by proxy	Attendance rate (B/A)	Remark
Independent Director (Convener)	Lee, Liang-Yoo	4	0	100%	
Independent Director	Yeh, Sheng-Fa	4	0	100%	
Independent Director	Yang, Chi-Hang	4	0	100%	

Other items that shall be recorded:

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

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

Date	Discussions	Opinions by Independent Directors and Treatment by the Company
2023.03.01 Second Session/ Third Meeting	1. Statement of Internal Control System and Report on the Results of Self-Assessment for FY2022 2. Amendment of "Internal Control System" and "Implementation Rules for Internal Auditing" 3. 2022 Annual Report on Operations, Financial Statements, and Plan of Operation for FY2023 4. Reviewed accounting fees for FY2023 5. Established the Company's pre-approved non-confirmation service policy	1. All Audit Committee Members presented at the meeting agreed without objection 2. Treatment to opinions by Audit Committee Members: None
2023.05.03 Second Session/ Fourth Meeting	1. Consolidated Financial Report for the first quarter of FY2023 2. Proposed capital loan of RMB20 million to 100%-owned subsidiary, Tianjin Ace Pillar Co., Ltd. 3. Proposed loan of RMB20 million to a 100%-owned subsidiary, Suzhou Super Pillar Automation Equipment Co., Ltd.	
2023.07.31 Second Session/ Fifth Meeting	1.Consolidated Financial Statements for the Second Quarter of 2023 2. Proposed capital loan of RMB30 million to 100%-owned subsidiary, Tianjin Ace Pillar Co., Ltd.	

Date	Discussions	Opinions by Independent Directors and Treatment by the Company
2023.10.31 Second Session/ Sixth Meeting	1. Proposed internal audit plan for 2024 2. Consolidated financial statements for the third quarter of 2023 3. To appoint a certified public accountant for the financial statements for FY2024.	

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

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

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

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

D. Annual key functions and operations:

a.Annual key functions

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

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

(c) Review financial reports.

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

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

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

(g) Legal compliance.

b.2023 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

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

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

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			employees to achieve 342 visits and 171 person-hours in 2023 to implement the insider trading prohibition course.	
III. Composition and responsibilities of the Board of Directors				No deviation
(I) Does the Board of Directors formulate and implement diversified policies and specific management objectives?	V		1. Please refer to the chapter on Diversity and Independence of the Board of Directors (P.12-P.16) for the formulation and implementation of the Company's policy on diversity of the Board of Directors' composition.	
(II) Does the Company voluntarily set up other functional committees than the Remuneration Committee and the Audit Committee?	V		2. The Company established the Risk Management Committee in 2021. Although there is no nomination committee, a candidate nomination system is adopted for the election of directors (including independent directors), and candidates for incumbent directors (including independent directors) are proposed by shareholders holding 1% or more of the shares or by the Board of Directors, and after examination by the Board of Directors, they are submitted to the shareholders' meeting for election.	
(III) Does the Company formulate the measures and methods for valuation of the Board of Directors, organize performance evaluation every year and regularly, submit the performance evaluation results to the Board of Director, and apply the same for remuneration and nomination for reappointment of the individual directors?	V		3. On August 10, 2016, the Board of Directors adopted the "Board of Directors' Performance Evaluation Methodology", the evaluation method and implementation of which are described in the chapter on Board of Directors' Evaluation and Implementation. (P.24-P.25) According to the Articles of Incorporation, if there is profit in the annual accounts, no more than 1% will be set aside for the remuneration of directors. The Remuneration Committee and the Board of Directors determine the remuneration of directors and consider their reappointment based on the operating results and the "Remuneration Plan for Directors and Functional Committee Members", taking into account the performance evaluation.	
(IV) Does the Company regularly evaluate independence of the CPAs?	V		4. The Company's Audit Committee and Board of Directors annually evaluate the independence and suitability of its certified public accountants,	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			requiring them to provide a statement of independence and conduct assessments based on independence items (P.28). On May 3, 2023, the Board of Directors passed a resolution to amend the Corporate Governance Best Practice Principles, stipulating that the independence and suitability of accountants should be regularly evaluated (at least once a year) with reference to Audit Quality Indicators (AQIs). The evaluation content includes five major aspects and 13 indicators: professionalism, quality control, independence, supervision, and innovation ability. The results of the latest annual evaluation were discussed and approved by the Audit Committee on October 31, 2023, and then submitted to the Board of Directors for approval on October 31, 2023.	
IV. Does the listed company allocate suitable and appropriate governance officers, and designate the chief governance officer responsible for governance related affairs (including but not limited to providing data required by the directors and supervisors to execute the business, assisting the directors and supervisors to comply with the laws and decrees, conducting the matters related to the board meeting and the shareholders' meeting, and preparing the minutes of the board meeting and the shareholders' meeting?	V		As approved by the Board of Directors' resolution on March 16, 2020, Ms. Kuo-Mei Chen was appointed as the Head of Governance and is responsible for related matters, and her qualifications meet the requirements of Paragraph 1, Article 3 of the Code of Corporate Governance Practices for Listed Companies. The duties and responsibilities of the Head of Corporate Governance include: 1. Conduct board meetings and shareholders' meetings in accordance with the law. 2. Prepare minutes of board meetings and shareholders' meetings. 3. Assist directors in assuming office and pursuing continuing education. 4. To provide information necessary for directors for their business and to assist them in complying with laws and regulations and in handling matters related to changes in directors. 5. Other matters in accordance with the Articles of Incorporation or contract. Implementation of business for 2023: 1. The Board of Directors held four meetings and	No deviation

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			the Audit Committee held four meetings in 2023. 2. In 2023, the Company held one general shareholders' meeting. 3. All members of the Board of Directors have completed refresher courses of at least 6 credits. 4. Assist the independent directors and general directors in carrying out their duties, provide necessary information, and regularly inform the board members of the latest changes in laws and regulations related to corporate governance. 5. The Board is responsible for reviewing the dissemination of material information on important Board resolutions to ensure that it is appropriate and correct to protect investors' trading information. 6. The results of the external and internal assessments of the 2022 Executive Board performance were reported to the Board in March 2023. 7. Please refer to P.35 for the corporate governance officer's training.	
V. Does the Company establish channels for communication with the stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up special stakeholder area at the Company's website, and properly respond to important corporate social responsibility issues of stakeholder concern?	V		The Company attaches importance to communication with stakeholders and regularly announces financial and business information on the MOPS and the investor section of the website to fully disclose events that may affect stakeholders, and has established a mailbox on the website to respond to stakeholders' expectations and suggestions.	No deviation
VI. Does the Company appoint a professional agency to deal with the affairs of the Board of Shareholders?	V		The Company has appointed Taishin Integrated Securities Co., Ltd. to act as its share agent and to conduct the affairs of the shareholders' meeting.	No deviation
VII. Public information (I) Does the Company set up a website to disclose the financial affairs and	V		1. The Company has a corporate website and discloses financial and governance information on it.	No deviation

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
governance related information?				
(II) Does the Company use other information disclosure methods (such as setting up English website, appointing especially-assigned person to collect and disclose the company information, publishing the spokeman system, and corporate orientation meeting process at the Company's website)?	V		2. The Company has set up a website in English and Chinese, and has dedicated personnel to collect and disclose corporate information, implement a spokesperson and proxy spokesperson system, and place presentations for corporate meetings on the website.	
(III) Does the Company announce and declare the annual financial report within 2 months at the end of the fiscal year, and publish and declare the financial reports for Q1, Q2, Q3 and Q4 and the operation of each month in advance before the stipulated time limit?	V		3. The Company's 2023 consolidated and individual financial reports were announced and filed on February 27, 2024; the financial reports for the first, second, and third quarters of 2023 and monthly revenues were all announced on the Market Observation Post System and filed before the required deadline, and uploaded to the Company's website.	
VIII. Does the Company have other important information helping understand the operations of corporate governance as follows?				No deviation
(I) Employee rights and caring for the employees	V		1. We uphold the basic principle of "sincerity" and treat our employees with sincerity, and set up a welfare committee to protect the legitimate rights and interests of employees in accordance with the law. For employee rights and benefits, please refer to the Labor Relations Chapter. (P.82-P.83)	
(II) Investor relations	V		2. In accordance with the relevant regulations, the Company's personnel will immediately announce information on financial, business and insider	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			shareholding changes, and an investor zone on the website is ready to regularly update for investors' inquiries, and a spokesperson system will be in place to communicate with investors timely.	
(III) Supplier relationship	V		3. The Company has established a supplier selection process based on the Company's future product trend requirements and procurement strategy, to investigate whether the potential supplier's production capacity, technological innovation capability, quality and service management systems meet our requirements to serve for future selection.	
(IV) Stakeholder rights	V		4. The Company has set up a stakeholder mailbox on its website as a communication channel to respond to the expectations and suggestions of stakeholders, and reports annually to the Board of Directors on its communication with each stakeholder for their understanding. The stakeholders' communication for the year 2023 was reported to the Board of Directors on February 27, 2024.	
(V) Progress of training of directors and supervisors	V		5. The directors have followed the key rules for further education, and the relevant information on the directors' training has been disclosed on MOPS.	
(VI) Risk management policy and execution of risk measurement standards	V		6. The Company has a risk management committee to formulate risk management policies and regularly assess to reduce corporate risks, please refer to the company Website for more information.	
(VII) Execution of customer policy	V		7. ACE places a strong emphasis on a customer-oriented quality system and management philosophy. We prioritize enhancing customer satisfaction by ensuring compliance with relevant regulations, high-quality shipping, providing technical support, and offering customer service. We conduct regular business review meetings and customer satisfaction surveys to understand any gaps between customer needs and expectations. In addition, we address customer complaints by	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
(VIII) Liability insurance purchased by the Company for directors and supervisors.	V		identifying the root cause of the issue and implementing improvement strategies to ensure the best possible service for our customers. 8. The Company has taken out liability insurance for its directors to enable them to act prudently and without fear of prejudice to the interests of investors. The report to the Board of Directors on the insurance coverage of directors' and supervisors' liability insurance is reported to the Board of Directors at least once a year and the last was completed on July 31, 2023.	

IX. Please state the improvement based on the governance evaluation results recently published by the Governance Center of Taiwan Stock Exchange Corporation, and put forward improvement priorities and measures against the matters far from perfect.

1. The Company's governance results for the 9th (FY2022) are among the top 36%-50% and the results for the 10th (2023) are not yet available as at the date of printing of the Annual Report.
2. The Company has entrusted an independent evaluation institution, Taiwan Corporate Governance Association in 2022, to evaluate the performance of the board of directors of the Company and Board meeting to report the evaluation results in March, 2023.
3. The revised major information processing and prevention of insider trading operating procedures were approved by the Board of Directors on May 3, 2022, which added regulations prohibiting insiders from trading their stocks during the thirty-day closed period before the annual financial report announcement and the fifteen-day closed period before each quarterly financial report announcement.

Independence assessment indicators of CPA：

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

Corporate governance officer's training

Date		Training Institution	Course Name	Training Hours
From	Until			
2023.03.20	2023.03.22	Taiwan Stock Exchange	Training courses for climate action managers of listed companies	20
2023.03.27	2023.03.27	The Chinese National Association of Industry and Commerce	Corporate Resilience and Taiwan's Competitiveness	3

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

(1) Information on the members of the Remuneration Committee

Position	Criteria / Name	Key board qualifications, expertise and attributes	Meet conditions of independence (Note 1)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director (Convener)	Yang, Chi-Hang	Please refer to Professional qualifications and independence analysis of directors. (P.12-P.16)	Compliant	1
Independent Director	Yeh,Sheng-Fa		Compliant	0

Independent Director	Lee, Liang-Yoo		Compliant	0

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

(2) Responsibilities of the Remuneration Committee:

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

(3) Operation of Remuneration Committee:

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

B. Term of the current Committee: From June 14, 2022 to June 13, 2025. The Company had convened twice (A) Remuneration Committee meetings in 2023 with the following attendance:

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

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

Meeting date	Period	Item	Resolutions	The Company handled opinions from committee members
2023.03.01	First 2023	1. Distribution of compensation to employees and directors for FY2022 2. Proposed compensation distribution to executive officers for FY2022 3. Proposal on the Proportion of Remuneration to Employees and Directors 4. Proposed compensation targets for executive officers for FY2023 5. Proposed bonus and salary adjustment policy for executive officers for FY2023	Convener of the Remuneration Committee consulted the opinion of all attending remuneration committee members.	The proposal was approved without dissent and submitted for resolution at the Board meeting.
2023.10.31	Second 2023	No Discussion Items	NA	NA

Other items that shall be recorded:

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

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

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

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
I. Does the Company establish a governance structure to promote sustainable development, and set up full-time (part-time) body for promoting sustainable development, and does the Board of Directors authorize and urge the senior executives to take actions?	V		In 2018, the Administration Department was responsible for social affairs, and in 2022, the Sustainable Development Committee was formally established to propose and implement corporate sustainable development policies, systems or management guidelines and specific plans. This committee is chaired by the General Manager and comprises senior executives from various departments as members. The Director General coordinates and promotes cross-departmental sustainability matters and reports annually to the Board of Directors, who review the implementation results and progress of the sustainability strategy and provide recommendations for improvement. Performance for FY2023 was reported in February 2024.	No deviation.
II. Does the Company evaluate risks for environment, society and governance issues related to the Company's operation, and formulate the relevant risk management policies or strategies based on the materiality principle?	V		1. Referring to the GRI guidelines and AA1000 APS Principle of Accountability, the four principles of Inclusivity, Materiality, Responsiveness and Impact are used to define major stakeholders, identify ESG materiality issues, and further evaluate the significance of materiality issues in terms of economic, social and environmental impacts as a basis for sustainable development. It is used as a basis for strategic planning. After evaluation, we will formulate risk management policies or strategies. 2. The Board of Directors adopted the "Code of Sustainable Development", which clearly defines the main principles of sustainable development: implementation of corporate governance, development of a sustainable environment, maintenance of public welfare and enhancement of corporate sustainable development information disclosure. Environment: Based on the management concept of environmental protection and energy saving, we identify the possible risks of climate change on our operations and consider the reduction targets of greenhouse gas emissions, water and electricity consumption. Social aspect: To	No deviation.

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

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td></td><td></td><td></td><td>(2) Climate change risk: it leads to global warming and greenhouse effect, and more stringent environmental regulations may lead to the replacement of the agent product by other products.
(3) Other climate-related risks: Whether the products we represent can meet the environmental requirements of our customers is also a concern.
Opportunities: We will continue to develop green and energy-saving products and provide automated solutions to reduce the impact of our products on the environment in order to meet customer requirements and increase satisfaction and market share.</td><td></td></tr>
<tr><td>(IV) Does the Company make statistics about the greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?</td><td>V</td><td></td><td>1. The latest two years of self-examination of greenhouse gas emissions are as follows, covering the six locations of the Taiwan headquarters
(1) greenhouse gas emissions
<table>
<tr><th>Year</th><th>Scope 1 (metric tons of CO2e)</th><th>Scope 2 (metric tons of CO2e)</th><th>Revenue emissions intensity (kgCO2e /million dollars)</th><th>Scope 3</th></tr>
<tr><td>2022</td><td>255.85</td><td>139.96</td><td>305.41</td><td>Yet to be documented</td></tr>
<tr><td>2023</td><td>282.69</td><td>92.92</td><td>432.22</td><td>Yet to be documented</td></tr>
</table>
(2) Water Consumption
Unit: Tons
<table>
<tr><th>Year</th><th>Total weight</th><th>Per capita usage</th></tr>
<tr><td>2023</td><td>1,704</td><td>15.49</td></tr>
</table>
Note: The number of employees at the end of 2023 was 110 people.</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td></td><td></td><td></td><td>(3) Waste weight
Unit: Kg
<table>
<tr><th>Year</th><th>packaging materials and pallets</th><th>Recycle and reuse</th><th>Recycle (%)</th></tr>
<tr><td>2023</td><td>12,734</td><td>12,494</td><td>98.15</td></tr>
</table>
Note:The statistical period is from March to December of the 2023.
2. Energy saving and carbon reduction, specific management measures:
(1) Encourage the use of public transportation, and replace driving with high-speed rail for meetings with colleagues from other counties and cities.
(2) Promote the use of video for routine meetings to reduce staff commuting.
(3) Use environmentally friendly water dispensers to reduce standby power consumption.
(4) Turn off office lights during lunch break.
(5) Replace the faucet in the dressing room with an induction type, and replace the toilet with a two-stage flushing device to save water.
(6) Reduce the use of disposable tableware and encourage colleagues to bring environmentally friendly tableware.
(7) Electronic signature system has been installed to reduce the use of paper and toner.</td><td></td></tr>
<tr><td>IV. Social issues
(I) Does the Company formulate the relevant management policies and procedures according to the relevant laws and regulations, and the international covenants of human rights?</td><td>V</td><td></td><td>1. The Company follows the principles of the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact and the United Nations International Labor Organization, respects internationally recognized basic human rights, fulfils its social responsibilities and protects the basic human rights of all employees, customers and stakeholders.
2. The employee work rules and regulations are formulated in accordance with the Labor Standards Law to protect the legal rights of employees.
3. The human rights management policies and specific plans are summarized as follows:
(1) To ensure a safe, comfortable and healthy</td><td>No deviation.</td></tr>
</table>

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
			working environment, and provide necessary protective equipment. (2) To ensure safety and health of all employees and to provide safety trainings, such as fire training and emergency response awareness for the situations that employees will encounter in the workplace. (3) To prevent internal and external workplace violence, we have established a "Prevention of Unlawful Acts of Assault in the Performance of Duties" program, which allows employees to work contentedly, and a "Written Statement on the Prohibition of Workplace Violence" is signed by management and announced to all employees. (4) The management will respond to the issues raised by the employees through at least four labor-management meetings a year. (5) The Company has established "Sexual Harassment Prevention Measures and Disciplinary Measures", so that employees can report to the human resources department if they experience any. The Company will keep the identity of the complainant confidential. The Company has not received any complaints regarding labor rights and human rights issues in FY2023.	
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the operation results or achievements in the employee's remuneration?	V		1. Employee welfare measures (1) The welfare committee was established in accordance with the law, and the main items are four festivals and birthday gifts, travel subsidies, marriage and childbirth subsidies, bereavement and sickness assistance, disaster relief, and scholarships for employees' children. (2) We attach great importance to the health of our employees and provide free health checkups once a year and arrange monthly health service sessions with professional doctors and nurses. (3) The company has a rest area with free snacks and drinks. (4) 2021/6~2022/6The company pays the full amount of COVID-19 vaccination coverage for employees, who are entitled to paid leave if they	

Item	Operation			Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract	
			receive the vaccination. (5) Various leisure activities are held from time to time, such as family day, online walking, singing contest, tree planting and forestry activities, etc. 2. Employee Compensation (1) We offer competitive salaries, depending on the individual's academic experience, professional skills, performance-based salary classification and salary adjustment to reward contributions and motivate performance. (2) The Articles of Incorporation stipulate that 2-20% of the profit of annual accounts shall be set aside for employee compensation. (3) We value diversity and equality, and offer equal pay and opportunities for advancement for both men and women. (4) Employee stock ownership trust to be established in 2022.	
(III) Does the Company provide the employees with a safe and healthy work environment, and regularly implement safety and health education for the employees?	V		A safe and healthy working environment is one of the most basic obligations, and our company follows the laws and regulations related to labor safety and health, and the specific implementation is as follows: 1. Safety and hygiene training for newcomers helps recruits understand the work environment, hazard prevention and other topics, and annual safety and hygiene training promotes precautions and concepts to enhance occupational safety and hygiene awareness. 2. We conduct annual fire safety escape drills for all employees, check the availability of firefighting facilities, and conduct office safety courses. 3. Office elevators and access control systems are in place to control entering and exiting. 4. Annual health checks are conducted to help employees understand their health conditions and provide follow-up medical consultation. There were no fire incidents in the year 2023.	
(IV) Does the Company establish effective career development training plan for the employees?	V		We have complete training program for all new recruits. They receive corporate culture orientation and integrity manual training upon arrival, while current employees receive training programs based on job requirements. In addition to the basic training	

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

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td></td><td></td><td></td><td>social responsibility and environmental health and safety performance.</td><td></td></tr>
<tr><td>V. Does the Company prepare the sustainability report and other reports that disclose the Company's non-financial information by reference to the international generally accepted report preparation standard or guidelines? Has the Company obtained confirmed or secured opinion on the foregoing reports from the third-party verification agency?</td><td>V</td><td></td><td>Our company issued its first sustainability report in 2023 and announced it on the MOPS and the company's website. The report has not yet been verified by a third party.</td><td>No deviation.</td></tr>
<tr><td colspan="5">VI. If the Company formulates its own code for sustainable development in accordance with the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies, please specify the deviation between the operation and the stipulated principles: There is no material difference.</td></tr>
<tr><td colspan="5">VII. Other important information conducive to knowing and promoting sustainable development：
Social Care:
Donated NT$50,000 to "Liver Disease Prevention & Treatment Research Foundation" in 2018-2019 to promote education and public awareness of liver disease prevention and to support research on liver disease treatment methods.
In 2021, when COVID19 was rampant, we donated NT$300,000 to the Taipei Hospital of the Ministry of Health and Welfare, 1,200 pieces of protective clothing to the Shuang Ho Hospital of Taipei Medical University, and 800 protective masks, 5,000 masks, and 200 boxes of medical gloves to the United Hospital of New Taipei City.
Implementation of Environmental Protection:
Participate in three beach cleanups and tree planting events in 2023.
Industry-Academia Collaboration:
Starting from 2020, we participate annually in industry-academia internship programs and provide opportunities for training to students who are currently enrolled or graduating soon. The internship themes include "Integration of Intelligent Automation Systems - Applied Technology Workshop" and "AI Smart Machine Vision Application Talent Training Camp." By offering summer internship opportunities, we aim to cultivate the talent in the integration and application of intelligent automation systems that the industry needs.</td></tr>
</table>

I. Implementation Status of Climate-related Information

1. Describe the governance and monitoring of climate-related risks and opportunities by the Board of Directors and Management.	1. Board of Directors: As the highest unit responsible for supervising climate change management, the Board of Directors is responsible for reviewing sustainable management strategies, key policies, risk management, and annual implementation results. The Company's Sustainable Development Committee must regularly report climate change-related trend information and issues to the Board of Directors. Management: The President serves as the convener, and senior executives from various centers serve as commissioners for different aspects, respectively operating on issues of concern to different stakeholders. Management actively collaborates with relevant departments within the Company to promote planned initiatives, carry out relevant business planning, promotion, and execution, convene at least four meetings annually and reporting operational status to the Board of Directors at least once. The Sustainability Development Committee annually reviews the Company's climate change strategy objectives, manages climate change risks and opportunities, examines implementation status, discusses future plans, and reports to the Board of Directors.
2. Describe the impact of climate risks and opportunities on the Company's business, strategy, and finances (short-term, medium term, and long-term).	2. The Company identifies short-, medium-, and long-term climate-related risks and opportunities internally yearly, and their impacts on the organization's operations, strategy, and financial planning based on the risk radar chart. Climate-related risks are defined as short-term (less than 5 years), medium-term (5-10 years), and long-term (more than 10 years). Based on the internal identification of significant climate risks and opportunities, their potential operational impacts on Ace Pillar is determined, and future management measures and strategies are planned.
3. Describe the impact of extreme climate events and transition initiatives on the Company's finances.	3. Based on the Company's internal risk identification process, Ace Pillar assesses the risks and opportunities associated with climate change and categorizes them into climate-related risks and financial impacts, climate-related opportunities and financial impacts, and corresponding measures. In the future, risk assessments and mitigation measures will be conducted in relation to the financial impacts on the Company due to extreme climate events and transition actions.
4. Describe the integration of the identification,	4. Ace Pillar incorporates the concept of climate risk

assessment, and management of climate risks into the overall risk management system.	into its operations and business content, identifies potential climate risks/opportunities, analyzes the impacts of risks/opportunities, evaluates and determines countermeasures, and manages and implements them in a centralized and layered manner according to the characteristics and impact levels of risks/opportunities, effectively controlling risks and opportunities.
5. When utilizing scenario analysis to evaluate climate risk resilience, an explanation of the scenarios, parameters, assumptions, analytical elements, and significant financial consequences should be provided.	5. Ace Pillar is currently evaluating the primary financial effect of climate change risks through scenario analysis and management, without having selected a main subject.
6. If there is a transition plan to address climate-related risk management, provide an explanation of the content of the plan and the indicators and targets applied to identify and manage physical and transition risks.	6. Ace Pillar is not currently developing any transition plans to address the risks associated with climate change management.
7. If an internal carbon pricing is used as a planning tool, the basis for pricing establishment should be explained.	7. Currently, Ace Pillar have yet to define a internal carbon pricing mechanism.
8. If climate-related goals are set, information such as the covered activities, scope of greenhouse gas emissions, planning period, and annual progress should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are employed to achieve related goals, the source and quantity of the carbon offsets or the number of Renewable Energy Certificates (RECs) should be stated.	8. Ace Pillar has scheduled the greenhouse gas inventory and verification procedure, including the timetable for incorporating subsidiaries; and reports the progress and related information to the Board of Directors annually.
9. Greenhouse gas inventory and verification status as well as reduction targets, strategies and specific action plans (Specified in 1-1 and 1-2).	9. Ace Pillar has currently carried out an inventory of greenhouse gas emissions; the pertinent information may be found in the 2023 Sustainability Report's greenhouse gas inventory section. The Company has also planned to complete third-party verification by the end of 2026.

1-1 The Company's greenhouse gas inventory and assurance status over the last two years.

1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emissions (metric tons of CO2e), emission intensity (metric tons of CO2e/million dollars), and scope of data coverage for the last two years.
(1) Scope 1 and 2 covers information from the Taiwanese headquarters' six business locations.

Year	Scope 1 (metric tons of CO2e)	Scope 2 (metric tons of CO2e)	Revenue emissions intensity (kgCO2e/million dollars)	Scope 3
2022	255.85	139.96	305.41	Yet to be documented
2023	282.69	92.92	432.21	Yet to be documented

Note 1: Direct emissions (Scope 1, i.e., direct emissions from sources owned or controlled by the Company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions from the generation of purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions generated by Company activities but not from sources owned or controlled by the Company, and not energy indirect emissions).

Note 2: The scope of direct emissions and energy indirect emissions data should be handled in accordance with the schedules stipulated in the regulations prescribed in Paragraph 2, Article 10 of these guidelines. Information on other indirect emissions may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standards: The Greenhouse Gas Protocol (GHG Protocol) or the ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or operating revenue. However, the data calculated based on operating revenue (NT$ million) should be described.

1-1-2 Greenhouse Gas Information Assurance

Describe the assurance status of the most recent two fiscal years as of the date annual report printing, including the scope of assurance, assurance institution, assurance standards and assurance opinion.
The Company's 2022 and 2023 inventory figures are the results of an internal inventory conducted in compliance with ISO 14064-1 and have not been verified by a third party.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Describe the base year and data for greenhouse gas reduction, reduction targets, strategies and specific action plans, and the status of achieving the reduction targets.
1. Greenhouse Gas Reduction Targets Short-term goals: Reduce per capita water consumption by 0.25%, reduce per capita electricity consumption by 1%, and achieve a recycling rate of 80% or more for incoming and outgoing waste. 2. Greenhouse Gas Reduction Action Plans (1) Encourage use of public transportation, and for colleagues travelling from other cities to the headquarters for meetings to utilize the high-speed train instead of driving. Promote holding routine meetings via video conferencing to minimize travel. 。 (2) Employ energy-efficient water dispensers and inverter air conditioners to reduce electricity consumption. (3) Employ smart control panels to set timers for lighting and air conditioning. Office lights should be switched off during lunch breaks. 。 (4) Install sensor faucets in the restrooms and dual-flush toilets to preserve water. (5) Reuse pallets provided by suppliers for outbound shipping, storing goods in the factory, and avoid the usage of disposable pallets.

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

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

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
(III) Does the Company specify and implement the operation procedures, the code of conduct, violation punishment and appeal system in the dishonest behavior prevention plan, and regularly	V		1. The Company's Integrity Handbook specifies that in order to prevent any dishonesty, employees are required to take the initiative in raising ethical concerns and conflicts of interest with the Company and to submit disciplinary and grievance systems for violations. 2. On August 15, 2016, the Company adopted the "Rules for Handling Cases of Reporting Illegal, Unethical or Dishonest Behavior" to set up a channel for reporting and handling complaints to provide internal and external personnel with the opportunity to report any illegal or unethical behavior or violations of the Code of Conduct for Integrity in order to ensure the legitimate rights and interests of whistleblowers and related persons. 3. The above-mentioned rules are regularly reviewed and amended in accordance with the implementation to prevent dishonesty.	
II. Implementation of honest management				No deviation.
(I) Does the Company evaluate the integrity records of the counterparty, and set forth the integrity clauses in the contracts with the counterparty?	V		Before dealing with others, the Company fully understands the integrity of the other party and evaluates their legitimacy and whether there is a record of dishonesty to ensure that they will not ask for, offer or accept bribes, and if there is a violation, the Company may terminate the contract or never work with the supplier again.	
(II) Does the Company set up a special unit under the Board of Directors for promoting the honest management, and regularly (at least once a year) report the honest management policies and the dishonest behavior prevention plan and execution thereof to the Board of Directors?	V		The Human Resources Department of the Company is responsible for the establishment of the integrity culture regulations, promotion, complaints and review of integrity risks, and regularly reports to the Board of Directors for implementation, and that in 2023has been reported in February 2024.	
(III) Does the Company	V		For conflict of interest, the Company's Integrity	

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
formulate the policies to prevent conflict of interest, provide appropriate presentation channels, and implement the same? (IV) Has the Company established effective accounting system and internal control system for implementation of honest management, and formulated the relevant audit plan by the internal audit unit according to the dishonest behavior risk evaluation results, and audited compliance with the dishonest behavior prevention plan or entrusted a CPA to audit the same? (V) Does the Company regularly organize internal and external education and training in relation to honest management?	 V V		Manual specifies the conflict of interest and avoidance policy and the "Handling of Reports of Illegal, Unethical or Dishonest Conduct", which provides appropriate channels of presentation and requires the relevant units to implement them. 1. The Company continuously revises its internal control system in accordance with the requirements of the Act, and conducts audits and evaluations its effectiveness of the internal control system. 2. Based on the risk assessment of dishonesty, the Audit Office prepares an audit plan and conducts regular audits. All items required by law are included in the annual audits, and the audit results and improvements are reported to the Audit Committee and the Board of Directors quarterly. 3. The Company's accounting system has been established in accordance with the requirements of the Act, and the financial statements are prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards approved by the FSC. The Company's financial statements are audited or reviewed by a certified public accountant quarterly. The Company conducts an annual online integrity manual training course for all employees, 100% of whom have completed the training course in FY2023. In 2023, the completion rate of the integrity handbook training reached 100%, with a total of 358 person-hours.	
III. Operation of the Company's whistle-blowing system (I) Does the Company formulate the whistle-blowing and reward system, establish the convenient whistle-blowing channels, and dispatch appropriate especially-assigned personnel	 V		 The Company's Integrity Handbook specifies that illegal incidents must be reported immediately, and the "Handling of Reports of Illegal, Unethical, or Dishonest Conduct" specifies the internal and external reporting mailboxes, hotlines and levels of acceptance.	No deviation.

Evaluation item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Abstract	
responsible for handling the whistle-blowing object?				
(II) Does the Company formulate the standard operation procedure for investigation of the the whistle-blowing matters, subsequent measures that shall be taken after investigation and the relevant confidentiality mechanism?	V		The Company's "Rules for Handling Reports of Illegal, Unethical or Dishonest Conduct" specify the standard operating procedures and confidentiality mechanism for complaints.	
(III) Does the Company take actions to protect the informer from and against improper disposal due to whistle-blowing?	V		The Company's Integrity Manual and related regulations stipulate that The Company will keep the contents and results of investigations strictly confidential and ensure that the rights and interests of the personnel involved will not be compromised.	
IV. Strengthen information isclosure Does the Company disclose the contents and effect of the ethical corporate management principles formulated by the Company at its website and the public information observation station?	V		The Company has set up a corporate governance section on the website to disclose the contents and effectiveness of integrity management.	No deviation.
V. the Company has formulated the its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies, please describe the implementation and any deviations from the Principles? The Company established the "Code of Conduct for Integrity Management" in August 2016 and revised it in November 2020. The overall operation is not significantly different from the "Code of Conduct for Integrity Management of Listed Companies".				
VI. Other important information conducive to known the Company's honest management: (e.g. the Company reviews and revises its ethical corporate management principles) (I) The Company conducts regular awareness-raising and training to convey the importance of honesty and emphasizes honest management. (II) The Company reviews and amends the Code of Conduct from time to time.				

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

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

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

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

9. Status of Implementation of Internal Control System

(1) Statement of internal control system

ACE PILLAR CO., LTD.

Statement of Internal Control System

Date: February. 27, 2024

Based on the self-evaluation results of the internal control system for 2023, the Company hereby states as follows：

1. The Company acknowledges that the Company's Board of Directors and managers are responsible for establishing, implementing and maintaining the internal control system. The Company has established such system. It is designed to reasonably guarantee the operation effect and efficiency (including profit making, performance and secured asset safety, etc.),reliability, timeliness, transparency and compliance with the relevant specifications, laws,decrees and regulations.effective.
2. Internal control system has its inherent limitation. No matter how perfect the design, effective internal control system can only provide reasonable assurance for achievements of the above objectives.Moreover, due to changes to the environment and situation, effectiveness of the internal control system may be changed accordingly. However, the Company establishes self-supervision mechanism for the internal control system. As long as defects are identified, the Company immediately takes corrective actions.
3. The Company judges whether design and execution of the internal control system are effective based on the judgment items for effectiveness of the internal control system under the Standards of the Companies making Public Offering on Establishment of Internal Control System (hereinafter referred to as the "Standards") Judgment items for the internal control system under the Standards are composed of five elements dividend based on the management process of the internal control system: 1. Control environment; 2. Risk evaluation; 3. Control operation; 4. Information and communication; and 5. Supervision operation. Each element also contains several items. Please see the provisions of the Standards for the foregoing items.
4. The Company has evaluated the effectiveness of design and execution of the internal control system based on the above judgment items of the internal control system.
5. Based on the foregoing evaluation results, the Company has concluded that the Company's internal control system as at Dec. 31, 2023 (including supervision and management of the subsidiaries) can reasonably guarantee achievements of the above objectives, including understanding of the extent to which the effect and efficiency objectives of the operation are achieved, and that design and execution of the internal control system related to reliability, timeliness, transparency and compliance with the relevant specifications and laws are effective.
6. This statement will become the main contents of the Company's annual report and prospectus, and will be announced to the public. Any false, concealed and illegal information in the above public announcement will lead to legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors on February 27, 2024, and all nine directors present agreed to the contents of this statement and hereby declare.

Ace Pillar Co., Ltd.

Chairman: Lee, Chang-Hung

President: Li, Chang-Chien

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

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

11. Material Resolutions Approved by Board Meetings

Date	Meeting of 2023	Resolutions
2023.03.01	First Board Meeting	1. Statement of Internal Control System and Report on the Results of Self-Assessment for FY2022 2. Amendment of "Internal Control System" and "Implementation Rules for Internal Auditing" 3. Distribution of compensation to employees and directors for FY2022 4. 2022 Annual Report on Operations, Financial Statements, and Plan of Operation for FY2023 5. Distribution of Earnings for FY2022 6. Distribution of cash dividends from earnings for FY2022 7. Release of current directors and their representatives from restrictions on competition 8. Amendments to the "Rules of Procedure for Shareholders' Meetings" 9. Amendment of the "Risk Management Policies and Procedures" 10.Revised the "Rules and Regulations of the Audit Committee" 11.Set date and agenda for the Annual General Meeting of Shareholders for FY2023 12. Reviewed accounting fees for FY2023 13. Established the Company's pre-approved non-confirmation service policy 14. Proposed compensation distribution to executive officers for FY2022 15. Proposal on the Proportion of Remuneration to Employees and Directors 16. Proposed compensation targets for executive officers for FY2023 17. Proposed bonus and salary adjustment policy for executive officers for FY2023
2023.05.03	Second Board Meeting	1. Consolidated Financial Report for the first quarter of FY2023 2. Renewal of Bank Credit Facility 3. Proposed capital loan of RMB20 million to 100%-owned subsidiary, Tianjin Ace Pillar Co., Ltd. 4. Proposed loan of RMB20 million to a 100%-owned subsidiary, Suzhou Super Pillar Automation Equipment Co., Ltd. 5. Amendments to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
2023.05.26	General Meeting of Shareholders	1. Ratification of Business Report and Financial Statements for the Year Ended December 31, 2022 Implementation: Approved by a vote. 2. Recognize the appropriation of earnings for the year ended December 31, 2022 Implementation: As approved by the resolution, the cash dividends amounted to NT$0.5 per share and the total cash dividends amounted to NT$56,125,244, which were paid on August 10, 2023. 3. Amendment to "Rules of Procedure for Shareholders' Meetings" Implementation: Approved by a resolution and uploaded to MOPS. 4. Release of Current Directors and Representatives from Restrictions on Competition

Date	Meeting of 2023	Resolutions
		Implementation: The resolution was approved and the material information was released on May 26, 2023 in accordance with the regulations.
2023.07.31	Third Board Meeting	1. Consolidated Financial Statements for the Second Quarter of 2023 2. Renewal of Bank Credit Facility 3. Proposed capital loan of RMB30 million to 100%-owned subsidiary, Tianjin Ace Pillar Co., Ltd. 4. Established the Rules Governing Financial and Business Matters Between this Corporation and its Related Parties
2023.10.31	Fourth Board Meeting	1. Proposed internal audit plan for 2024 2. Consolidated financial statements for the third quarter of 2023 3. To appoint a certified public accountant for the financial statements for FY2024. 4. Renewal of Bank Credit Facility
Date	Meeting of 2024	Resolutions
2024.02.27	First Board Meeting	1. Statement of Internal Control System and Report on the Results of Self-Assessment for FY2023 2. 2023 Annual Report on Operations, Financial Statements, and Plan of Operation for FY2024 3. Distribution of Earnings for FY2023 4. Distribution of cash dividends from earnings for FY2023 5. Release of current directors and their representatives from restrictions on competition 6. Set date and agenda for the Annual General Meeting of Shareholders for FY2024 7. Reviewed accounting fees for FY2024 8. Proposed compensation targets for executive officers for FY2023 9. Proposed bonus and salary adjustment policy for executive officers for FY2023
2024.04.02	Second Board Meeting	1.Release of current directors and their representatives from restrictions on competition 2. Election of the Chairman of the Board of Directors.

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

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

(V) Information on CPA fees

Unit: NT$1,000

Accounting Firm	Name of CPA	CPAs Audit Period	Audit Fee	Non-audit Fee	Total	Remark
KPMG	Chang, Huei-Chen Chen, Mei -Yen	2023.1.1~2023.12.31	3,090	530	3,620	Note

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

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

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

(VI) Information on replacement of CPAs

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

1. Regarding former CPA

<table>
<tr><td>Replacement date</td><td colspan="3">2022.11.02</td><td colspan="2">2023.10.31</td></tr>
<tr><td>Reason and explanation for replacement</td><td colspan="3">The CPAs are changed from Shih, Wei-Ming and Chen, Mei -Yen to Chang, Huei-Chen and Chen, Mei-Yen from the first quarter of 2023,due to the internal adjustment from the accounting firm.</td><td colspan="2">The CPAs are changed from Chang, Huei-Chen and Chen, Mei-Yen to Kao, Ching-Wen and Chang, Huei-Chen from the first quarter of 2024,due to the internal adjustment from the accounting firm.</td></tr>
<tr><td rowspan="3">Explain why the appointor or CPA terminated or refused to accept the appointment</td><td colspan="2">Parties
Status</td><td colspan="2">CPA</td><td>Appointor</td></tr>
<tr><td colspan="2">Appointment terminated</td><td colspan="2">Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">Refused to accept (continue) appointment</td><td colspan="2">Not applicable</td><td>Not applicable</td></tr>
<tr><td>Audit report opinions other than unqualified opinion over the last two years and reason</td><td colspan="5">None</td></tr>
<tr><td rowspan="5">Did issuer have a different opinion</td><td rowspan="4">Yes</td><td></td><td colspan="3">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="3">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="3">Audit scope or steps</td></tr>
<tr><td></td><td colspan="3">Other</td></tr>
<tr><td>None</td><td colspan="4">V</td></tr>
<tr><td>Other items requiring disclosure (disclosures for Clause 6.1.4~7, Article 10 of these guidelines)</td><td colspan="5">None</td></tr>
</table>

2. Regarding the Succeeding CPA

<table>
<tr><td>Name of CPA firm</td><td colspan="2">KPMG</td></tr>
<tr><td>Name of CPAs</td><td>Chang, Huei-Chen and Chen, Mei-Yen</td><td>Kao, Ching-Wen and Chang, Huei-Chen</td></tr>
<tr><td>Date of Appointment</td><td>November 2.2022</td><td>October 31.2023</td></tr>
<tr><td>Inquiries regarding the accounting treatment methods of specific transactions, accounting principles or opinions provided on financial report prior to the appointment and results</td><td colspan="2">None</td></tr>
<tr><td>Written opinion of successor CPA regarding discrepancies in opinion with the prior CPA</td><td colspan="2">None</td></tr>
</table>

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

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

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

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

Title	Name	2022		As of March 28, 2023	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Director	DFI Inc.	0	0	0	0
Representative of Corporate Director	Tseng, Wen-Hsing (Note 1)	Not applicable	Not applicable	0	0
Representative of Corporate Director	Lee, Chang-Hung (Note 1)	0	0	0	0
Representative of Corporate Director	Lin, Chih-Chen	0	0	(87,141)	0
Representative of Corporate Director, President	Li, Chang-Chien	0	0	0	0
Representative of Corporate Director	Su, Chia-Hung	0	0	0	0
Representative of Corporate Director	Huang, Li-Min	0	0	0	0
Director	Han-Yu Investment Co., Ltd.	0	0	0	0
Representative of Corporate Director	Yang, Hwei-Ling	0	0	0	0
Independent Director	Yeh, Sheng-Fa	0	0	0	0
Independent Director	Liang-Yoo Lee	0	0	0	0
Independent Director	Chi-Hang Yang	0	0	0	0
Vice President	Shih-Tth Lin (Note2)	0	0	0	0
Vice President	Liang-Kuo Wang (Note3)	0	0	Not applicable	Not applicable
Finance and ccounting Supervisor	Kuo-Mei Chen	0	0	0	0
Major shareholder	DFI Inc.	0	0	0	0

Note1:On March 22, 2024, the legal entity DFI Inc. appointed Tseng, Wen-Hsing as the representative, and the former representative Lee,Chang-Hung was dismissed.
Note2: Retire on February 29, 2024
Note3: Resignation on October 31, 2023

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

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

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

Information of relationships between Top 10 shareholders are related parties 2024.03.30

Name (Note1)	Shares held		Shares held by spouse or underage children		Total sharesheld in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship,his/her/its title (or name) and relationships (Note2)	
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number Of shares	Shareholding Percentage (%)	Title (or Name)	Relationships
Representative of Dfi Inc. : Chen, Chi Hung	53,958,069	48.07%	0	0%	0	0.00%	None	None
Representative of Han-Yu Investment Co., Ltd. : Zhou, Er-Kun	10,176,013	9.07%	0	0%	0	0.00%	None	None
Representative of Chief Investment Co., Ltd. : Guo Chen, Hui-Zhen	7,329,443	6.53%	0	0%	0	0.00%	None	None
Representative of Rido Investment Co., Ltd. : Qi, Wu-Jun	5,711,538	5.09%	0	0%	0	0.00%	None	None
Lin, Zhi-Hong	1,924,000	1.71%	0	0%	0	0.00%	None	None
Chen,Wen-Deh	1,916,719	1.71%	188,761	0.17%	0	0.00%	None	None
Representative of Run Fun Investment Ltd. : Guo, Yu-Xuan	1,315,039	1.17%	0	0%	0	0.00%	None	None
Shang, Guang-Yu	1,228,478	1.09%	0	0%	0	0.00%	None	None
Wu, Ding-Yuan	1,009,509	0.90%	0	0%	0	0.00%	None	None
Lin, Bo-Ya	995,954	0.89%	0	0%	0	0.00%	None	None

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

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

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

Unit: thousand shares 2023.12.31

Investment business	Investment by the Company		Investment by Directors, supervisors, managers and directly or indirectlycontrolled business		Combined investment	
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)
Tianjin Ace Pillar Co., Ltd.	Note	17.05%	Note	82.95%	Note	100%
Cyber South Management Ltd.	4,669	100%	-	0%	4,669	100%
Hong Kong Ace Pillar Enterprise Ltd.	1,200	100%	-	0%	1,200	100%
Proton Inc.	-	0%	17,744	100%	17,744	100%
Grace Transmission (Tianjin) Co., Ltd.	-	0%	Note	100%	Note	100%
Ace Tek(HK) Holding Co.,Ltd	-	0%	150	100%	150	100%
Suzhou Super Pillar Automation Equipment Co., Ltd.	-	0%	Note	100%	Note	100%
Advancedtek Ace (TJ) Inc.	-	0%	Note	100%	Note	100%
ACE Energy Co., Ltd.	4,993	99.86%	-	0%	4,993	99.86%
BlueWalker GmbH	-	0%	Note	100%	Note	100%
Standard Technology Corp.	6,084	60%	-	0%	6,084	60%
Standard Technology Corp. (BVI)	-	0%	600	100%	600	100%
Standard International Trading (Shanghai) Co., Ltd.	-	0%	Note	100%	Note	100%

Note:The company is structured as a limited company.

IV.Capital and Shares

(I) Capital and shares

1. Source of Share Capital

Mar. 30, 2024 Unit: NTD

Year and month	Issued price (par value per share)	Authorized capital		Paid-in capital		Note		
		Number of Shares (thousand shares)	Amount (thousand)	Number of Shares (thousand shares)	Amount (thousand)	Source of capital	Capital increase by assets other than cash	Others
1999.12	10	7,260	72,600	7,260	72,600	Surplus transferred to common stock	-	1992.12.10 Approved by TCOC Certificate No. 88359399
2000.08	10	8,712	87,120	8,712	87,120	Surplus transferred to common stock	-	2000.8.31Approved by TCOC Certificate No. 89323438
2001.12	10	29,000	290,000	13,939	139,392	Surplus transferred to common stock	-	2001.12.21 MOEA Certificate No. 9001509160
2002.08	10	29,000	290,000	17,339	173,392	Surplus transferred to common stock	-	2002.08.06 MOEA Certificate No. 09101320300
	10	29,000	290,000	20,113	201,135	Surplus transferred to common stock	-	
2003.10	10	29,000	290,000	24,262	262,619	Surplus transferred to common stock	-	2003.10.15 Approved by FSC Certificate No. 0920148208
2004.07	10	29,000	290,000	27,800	278,001	Surplus transferred to common stock	-	2004.07.22 Approved by FSC Certificate No. 0930132874
2005.08	10	41,000	410,000	32,144	321,438	Surplus transferred to common stock	-	2005.08.02 Approved by FSC Certificate No. 0940131547
2006.07	10	41,000	410,000	37,166	371,663	Surplus transferred to common stock	-	2006.07.17 Approved by FSC Certificate No. 0950130920
2007.07	10	60,000	600,000	43,732	437,323	Surplus transferred to common stock	-	2007.07.11 Approved by FSC Certificate No. 0960035578
2008.07	10	100,000	1,000,000	60,245	602,450	Surplus transferred to common stock	-	2008.07.04 Approved by FSC Certificate No. 0970033426
2009.07	10	100,000	1,000,000	63,257	632,572	Surplus transferred to common stock	-	2009.07.21 Approved by FSC Certificate No. 0980036434
2011.09	10	100,000	1,000,000	75,909	759,086	Surplus transferred to common stock	-	2011.06.24 Approved by FSC Certificate No. 1000029255
2011.10	10	100,000	1,000,000	76,043	760,426	Transferred unsecured convertible bond	-	2011.10.17 MOEA Certificate No. 10001237250

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

Mar. 30, 2024

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

2. Shareholder structure

Mar. 30, 2024

Shareholder Structure / Quantity	Govermmental Organizations	Financial Institutions	Other Institutional Investors	Domestic Individuals	Foreign Institutions and Individuals	Total
Number of Shareholders	0	5	10	4,588	19	4,622
Number of shares held	0	579,360	78,614,394	30,808,716	2,248,017	112,250,487
Shareholding Percentage (%)	0.00%	0.52%	70.03%	27.45%	2.00%	100.00%

3. Distribution of Equity Ownership

Mar. 30, 2024

Class of Shareholding	Number of shareholders	Number of shares held	Shareholding Percentage (%)
1 ~ 999	1,613	329,986	0.29%
1,000 ~ 5,000	2,380	4,781,843	4.26%
5,001 ~ 10,000	297	2,310,574	2.06%
10,001 ~ 15,000	96	1,215,184	1.08%
15,001 ~ 20,000	53	978,674	0.87%
20,001 ~ 30,000	55	1,397,861	1.25%
30,001 ~ 40,000	26	902,193	0.80%
40,001 ~ 50,000	21	967,378	0.86%
50,001 ~ 100,000	34	2,517,683	2.24%
100,001 ~ 200,000	13	1,891,167	1.69%
200,001 ~ 400,000	15	4,648,785	4.14%
400,001 ~ 600,000	7	3,136,234	2.80%
600,001 ~ 800,000	1	795,000	0.71%
800,001 ~ 1,000,000	2	1,809,117	1.61%
1,000,001or more	9	84,464,808	9
Total	4,301	112,250,487	4,622

4. List of Major Shareholders

Mar. 30, 2024

Major Shareholders	Number of Shares Held	Shareholding Percentage
DFI Inc.	53,958,069	48.07%
Han-Yu Investment Co., Ltd.	10,176,013	9.07%
Chief Investment Co., Ltd.	7,329,443	6.53%
Rido Investment Co., Ltd.	5,711,538	5.09%
Lin, Zhi-Hong	1,924,000	1.71%
Chen,Wen-Deh	1,916,719	1.71%
Run Fun Investment Ltd.	1,315,039	1.17%
Shang, Guang-Yu	1,228,478	1.09%
Wu, Ding-Yuan,	1,009,509	0.90%
Lin,Bo-Ya	995,954	0.89%

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

Unit: NTD

<table>
<tr><th colspan="3">Year / Item</th><th>2022</th><th>2023</th><th>As of March 31, 2022</th></tr>
<tr><td rowspan="3">Market Price Per Share (Note1)</td><td colspan="2">Highest</td><td>36.2</td><td>35</td><td>32.2</td></tr>
<tr><td colspan="2">Lowest</td><td>25.35</td><td>27.95</td><td>27.15</td></tr>
<tr><td colspan="2">Average</td><td>31.81</td><td>31.83</td><td>30.65</td></tr>
<tr><td rowspan="2">Net Worth Per Share (Note 2)</td><td colspan="2">Before Distribution</td><td>18.25</td><td>17.54</td><td>(Note 6)</td></tr>
<tr><td colspan="2">After Distribution</td><td>17.75</td><td>17.24</td><td>-</td></tr>
<tr><td rowspan="3">Earnings Per Share (EPS)</td><td colspan="2">Weighted Average Shares Number (thousand Shares)</td><td>112,250</td><td>112,250</td><td>112,250</td></tr>
<tr><td rowspan="2">Earnings per share</td><td>Before retrospective</td><td>0.7</td><td>-0.19</td><td>(Note 6)</td></tr>
<tr><td>After retrospective</td><td>0.7</td><td>-0.19</td><td>-</td></tr>
<tr><td rowspan="4">Dividends Per Share</td><td colspan="2">Cash dividends</td><td>0.5</td><td>0.3</td><td>-</td></tr>
<tr><td rowspan="2">Dividends (Shares)</td><td>Dividend from retained earnings</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Dividend from capital reserve</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Cumulative unpaid dividend</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">Price/Earnings Ratio (Note 3)</td><td>42.57</td><td>-158.42</td><td>(Note 6)</td></tr>
<tr><td colspan="2">Price/Dividend Ratio (Note 4)</td><td>59.60</td><td>100.33</td><td>-</td></tr>
<tr><td colspan="2">Cash Dividend Yield (Note 5)</td><td>1.7%</td><td>1.0%</td><td>-</td></tr>
</table>

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

6. Dividend Policy and Execution Status

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

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

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

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

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

The Company distributed cash dividends of NT$33,675,146 (NT$ 0.3 per common share), have been approved by the meeting of the board of directors held on February 27, 2024, which will be reported at the 2024 Annual Shareholders' Meeting.

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

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

8. Compensation for employees and Directors

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

Regulations from the Articles of Incorporation of the Company:

Article 22

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

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

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

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

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

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

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

A. The company incurred a pre-tax net loss for the fiscal year 2023, therefore no employee or director remuneration will be distributed.

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

(4) Actual distribution of employees and Directors' compensation in the previous year, and the difference,

reasons, and processing situation for the employees and Directors' compensation that were recognized:

A. The amount distributed to employees' remuneration in cash was NT$ 1,844,701 and NT$ 922,351 for Directors.

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

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

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

(II) Information regarding Corporate Bonds: None.

(III) Handling of preferred shares: None.

(IV) Implementation of Overseas Depository Receipts: None.

(V) Employee stock option handling status : None.

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

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

(VIII) Implementation status of fund application: None.

V. Operations

(I) Business Description

1. Business Scope

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

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

(2) Operating ratio

Unit: NT$ 1,000

Major products	Revenue in 2022	(%)	Revenue in 2023	(%)
Mechanical transmission	1,167,569	31.03	783,648	25.68
Automation control	1,692,653	44.99	1,287,813	42.20
Sales and service of semiconductor equipment material	548,580	14.58	516,026	16.91
Energy management products	349,631	9.29	460,206	15.08
Others	3,988	0.11	4,110	0.13
Total	3,762,421	100.00	3,051,803	100.00

(3) Current Products (Services)

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

Category	Type of Product
Industrial transmission	Ball screws, linear slides, linear modules, pneumatic, hydraulic, couplings, electromagnetic clutch brakes, keyless bushings, torque limiters, cushioning devices, indicators, indexers, reducers, speed changers, gears, gear racks, etc.
Automation control	High-efficiency inverters, energy-saving cabinets, AC/DC/linear servo motors and drives, programmable logic controllers (PLC), computer numerical control systems (CNC), human-machine interfaces (HMI), industrial computers (IPC), machine vision systems (MV), industrial cameras (CCD), magnetic scales, position sensors, temperature controllers, power meters, pressure sensors, static eliminators, indicator lights, industrial electronic panels, power management, industrial network products, power supplies, robots, AGVs, charging piles, energy storage systems, edge computing, and cloud services.
Semiconductor Equipment and Materials Sales and Services	High-pressure mercury lamps, gas discharge lamps, clean room explosion-proof clothing, inspection light sources, wafer transfer boxes, wafer transfer equipment, metal gas filters, photoresist applicators, magnetic fluid shaft seal motors, vibration sensors, measurement softwares, abrasive powders, photoresist removal fluids, cleaning fluids
Energy saving equipment and related services	Power inventory/energy saving/storage system, interruptible power system, gaming series

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

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

A. Smart Manufacturing AI Solutions

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

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

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

B. ESG Sustainable Development and Services

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

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

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

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

e. Air conditioning energy saving: With the goal of improving energy efficiency and reducing energy consumption, under the same usage environment, temperature is adjusted and controlled to achieve energy-saving effects. It mainly targets the operation of motors such as chillers and fans (air handling units), analyzes their operation modes, and installs IE5 high-efficiency motor inverters, sensing sensors, controllers, etc., to control the operating frequency of motors, allowing motors to achieve energy-saving effects without full-load operation at all times.

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

g. Energy-saving through energy recovery: Energy-saving cabinets target the characteristics of stamping machines, centrifugal machines, and elevators (cranes). When they operate in the regenerative load mode (generator mode), the energy is stored and fed back to the power grid, achieving energy-saving effects and meeting ESG requirements.

C. Complete Robotics Solution

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

b. AI visual defect detection: Integrating robotic arms, vision, and AI to provide solutions that can be used for product surface defect detection, and with AI computing, more accurate and convenient automatic detection can be provided.

c. Packaging and stacking: Utilizing robotic arms in conjunction with vision can provide repetitive packaging, handling, and high-load packaging product stacking, greatly reducing labor usage and improving loading efficiency.

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

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

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

E. Accelerated development in the semiconductor field

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

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

c. Entering the application of semiconductor gas equipment, successfully introducing inverters to leading Japanese semiconductor gas treatment equipment brands, and continuing to cooperate and develop in the industry.

d. Assisting semiconductor equipment customers in transitioning from traditional equipment networking to adopting SECS/GEM specification applications, and discussing equipment control and collaborative operation solutions with customers to support semiconductor equipment development applications.

2. Industry overview

(1) Current Industry Situation

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

A. Developing product agency lines: It can grasp the stable growth of niche product lines. With the expansion of agency lines, it increases revenue sources, reduces operational risks, meets one-stop shopping needs, and enhances the Company's growth momentum through the development of new product lines.

B. Domain know-how development and technical support: Enhancing cooperation with industry-leading manufacturers, assisting industries in developing domain know-how, helping customers upgrade equipment to enhance competitiveness, optimizing profitability to achieve win-win situations, and continuously ensuring ACE PILLAR's leading position. Today, R&D capabilities and technical levels are on par with sales management and hold a pivotal position.

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

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

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

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

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

(2) Industrial development

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

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

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

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

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

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

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

Channel operators must clearly judge the development trend of each region and the nature of their own product lines. In addition to the 6 service bases in Taiwan and the subsidiary Tianjin ACE PILLAR CO., LTD. established in 1993 in Tianjin, which has professional sales and service teams in 12 important industrial cities, we provide advanced, efficient and complete solutions. In 2022, we will invest in Standard Technology Corporation, ACE Energy and Bluewalker to expand the European market, and expand our service territory in North America and Africa.

C. Upstream, midstream and downstream connections

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

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

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

(3) Product development trends

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

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

(4) Product Competition

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

3. Technology and R&D overview

(1) Technology and R&D overview

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

Unit: NT$ 1,000

Project/Year	2023	First quarter of FY2024
Research and development expenses	5,420	(Note)

Note: As of the printing date of the annual report, the financial statements for the first quarter of 2024 have not been reviewed by the accountants, and therefore, no quarterly figures are available for reference.

B. Successfully developed technology or product

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

Type of Product	Year	Products distributed or distributed	Application Fields
Mechanical transmission	2017	Yu-Guan Vacuum Pump	LED, SMT
	2018	Delta Scara500/700mm Robot/Barcode reader/MP1 Panel PAC, Li-ming new product-planetary speed reducer new series RV/harmonic speed reducer	Electronic equipment, intelligent factory, storage and logistics system
	2019	Taiwan CKD electric cylinder gripper FLSH series, sliding table FLCR series, rotating and transforming FGRC series, Tongfei cooling machine, Nikki LED lighting/warning light/working light, SKF electric cylinder/wire rail	Various industrial machinery
	2020	CKD special gripper for collaborative arm, Airtac linear rail, Li-ming HD/RV series	AGV/AMR warehouse logistics, special machines
	2021	Denmark OnRobot arm gripper/force sensor	Types of robot arm with
	2022	MGS ultra-precision gauges uMATE	Various industrial machinery, electronic equipment, smart factory
	2023	Schaeffler (FAG bearing、vibration/rtemperature sensor、auto lubrication system)	Fitness/Medical Equipment、Smart Factory

Type of Product	Year	Products distributed or distributed	Application Fields
Automation control	2017	HIKROBOT, Innodisk PoE card, Delta Robot APP/intelligent set-top box	AOI, industrial computer, smart factory
	2018	DFI EC5xx series industrial computer/Kabylake series industrial motherboard, Japan CCS high-speed/high-brightness vision LED light source PF series	Electronic equipment, intelligent factory, storage and logistics system
	2019	P+F OMT30 laser distance sensor, Delta B3 servo motor, DVP-50MC EtherCat motion controller, ME300 new generation compact inverter, DOP-100 advanced human-machine interface, DPM-C502 multifunctional smart meter, DRASimuCAD robot simulation integration platform, servo press, DMV3000G vision system, and DFI EC70B-SU Fanless Compact Industrial Computer	Various industrial machinery, AOI, smart factory, intelligent monitoring
	2020	Delta PLC AS500 series / Industrial Medical Power PMT2 series / Delta Device Networking Solution DIALink mini, ABB ROBOT, EPSON ROBOT, TM Collaborative Arm, PANASONIC Vision Recognition System, AR Smart Glasses, AWS Cloud service	Various industrial machinery, AOI, smart factory, warehouse logistics system
	2021	ABB charging pile, PANASONIC energy storage system, Delta PCS power regulation system, Delta UV sterilization lamp, Synergies AI platform, Shihlin inverter (China market)	Factories, office buildings, shopping malls
	2022	Delta W3 servo, motion controller AX3,AX8 series, digital force sensor MSR series, second generation CNC NC5 series. DFI ES220 series industrial computers, Shaoyang ESD protection system, etc.	Industrial machines and smart factories
	2023	VP3000 Series、MSI reluctance motor (IE5)、MX300 Variable-frequency Drive Delta H3 servo, Electric Servo Press ASP-F/AM-ESP, Delta healthcare devices product, lighting products	Fan, water pump, Compressor, Blower, Automated Storage & Retrieval System Industrial machines and smart factories, Fitness/Medical Equipment

4. Long-term and short-term business plans

(1) Short-term development direction

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

A. Rationalization of workflow and implementation of quality policy

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

B. Strengthening digital media marketing, social media platforms, and seminars

The semiconductor, intelligent automation, energy, and AI application industries are important technology industries in Taiwan and are key development trends. In view of this, in addition to participating in key industry exhibitions, automation roadshows are also launched, holding seminars, webinars, and the WeChat public account "Intelligent Automation Academy" in key regions to deepen interaction, optimize existing marketing materials, and use social media to share successful application cases, solutions, product information, and professional technical knowledge, providing customers with high value-added integrated services.

C. Human Resources/Organizational Management

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

D. Professional automation system integration

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

(2) Long-term development direction

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

A. Intelligent automation: Addressing the problems of workforce aging and labor shortage faced by most customers, providing products and services such as robots, pick & place, AI machine vision, packaging/stacking, AGV/AMR, etc. For basic modules, services such as MES, AIoT data analysis, and cloud management platforms are provided. Customers can make appropriate optimizations and adjustments based on factory production conditions, while strengthening space utilization and improving production efficiency.

B. Green energy layout: ACE PILLAR itself represents first-class brands from Taiwan, Europe, and Japan in energy-saving and energy storage equipment, such as Delta, ABB, and Panasonic. Combined with Daq Sheng Energy and BlueWalker, the planning and layout of the entire green energy product line are more complete. Its aspects focus on ESCO energy technology-related carbon inventory and energy-saving solutions, electricity price management equipment control, green energy equipment planning (including renewable energy conservation, energy storage equipment and systems), carbon rights offset application, charging service management platform and system, charging piles, UPS uninterruptible power supply systems, energy management systems, etc.

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

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

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

1. Market Analysis

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

Unit: NT$ 1,000

Location \ Year	2022		2023	
	Revenue	%	Revenue	%
Mainland China	1,731,661	46.03	1,409,540	46.19
Taiwan	1,705,227	45.32	1,265,420	41.46
Europe	256,336	6.81	354,238	11.61
Others	69,197	1.84	22,605	0.74
Total	3,762,421	100.00	3,051,803	100.00

(2) Market Share

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

(3) Future supply and demand conditions and growth potential of the market

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

Regarding the innovation and enhanced application of technology products, many domestic manufacturers have plans to expand investment. Capital expenditures in the semiconductor industry, panel manufacturers, and 5G communications will greatly inject into domestic investment, while urban renewal, ESG energy policies, traditional industry upgrades, and AI applications are also quite beneficial to domestic investment.

ACE PILLAR will continue to deploy intelligent automation, energy management, and overall semiconductor solutions, introducing advanced intelligent manufacturing, AI automation, visual inspection, energy-saving/storage products, and MES, AIoT-related software and system architecture deployment, expanding the scope of services, assisting customers in planning industry upgrades and competitiveness enhancement, intelligent factory production lines, equipment automation, and smart building planning, accelerating the expansion of business opportunities through value-added integrated services.

(4) Competitive niche

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

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

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

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

The main suppliers are Delta Electronics, Airtac, PMI, TPI, Li-ming Machinery, Innodisk, DFI, TOYO, Techman Robot Inc., HIKROBOT (Vision), Aws, Schaeffler, LENZE, ATLANTA, ABB, EPSON, Panasonic, MIKI PULLEY, CKD, CCS, SHIMPO, SHIMPO, NABTESCO, Magnescale, PATLITE, Israel ELMO, etc. are well known. Our company has long been cooperating with large manufacturers, not only absorbing their technical experience, but also helping customers to improve their technology, and being able to provide feedback on customer needs for product improvement to align with practical needs, which is more conducive to assisting customers in introducing products and enhancing technical levels, creating multi-faceted win-win situations.

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

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

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

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

(5) Favorable and Negative Factors and Countermeasures for Development

A. Favorable Factors

a. Matching of products sold with industries with development potential

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

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

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

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

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

B. Negative factors and countermeasures

a. High turnover of product technology

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

Response measures

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

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

Response measures

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

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

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

2. Important applications and processes of major products

(1) Important applications and processes of major products

A. Important Applications

Major Products	Major Products (Commercial)	Main Applications or Functions
Mechanical transmission	Flexible couplings, servo couplings, rubber couplings, electromagnetic clutch brakes, keyless bushings, torque limiters, cushioning devices, indicators, indexing discs, gear reducers, turbo reducers, and servo precision reducers, etc.	Used in automobile, locomotive, steel, electromechanical and electronic equipment manufacturing to enable movement and positioning for round-trip and oscillating.
	Air cylinder solenoid valve, three-point assembly, fluid valve, liquid valve, etc.	Applicable for semiconductor manufacturing machinery, transport machinery, industrial tooling machines, textile machinery, plastic and rubber machinery, food packaging machinery and home appliances, etc., to help save energy, power and increase production and efficiency.
Automation control	Inverters and IE5 reluctance motors, energy-saving cabinets and related accessories	Applicable to speed control of semiconductor manufacturing machinery, elevators, factory air conditioning, handling machinery, industrial

	General-purpose servo motors and drives, direct drive servo motors and drives, linear servo motors and drives, etc. Programmable controllers, servo NC controllers, human-machine interface and machine vision systems, magnetic rulers, etc.	machine tools, textile machinery, plastic and rubber machinery, food packaging machinery, and household appliances, helping to save energy, power, and increase output and efficiency. For the electronic automation equipment industry, providing drive control for high-tech equipment It is a mobile, positioning control and monitoring device for industrial computer and automation equipment manufacturing.
Sales of semiconductor optoelectronic equipment and consumables and equipment maintenance	High-pressure mercury lamps, gas discharge lamps, clean room explosion-proof clothing, and inspection light sources Wafer transfer boxes and wafer transfer equipment Metal gas filters Photoresist Coater Magnetic fluid shaft seal motor Vibration sensor Measurement Software Grinding powder Photoresist removal, cleaning fluid	For high-pressure mercury lamps and gas discharge lamps in the photovoltaic and semiconductor yellow light process and for dust-free and explosion-proof clothing to be worn when changing lamps. Suitable for wafer transfer, reading and classification in semiconductor process. High-pressure and fast filters for gas transmission pipelines Apply photoresist and control the flow of photoresist liquid Vacuum Rotation Drive Motor Detect vibration and analyze vibration patterns Semiconductor process yield improvement software Grinding powder for semiconductor CMP process Optoelectronics, semiconductor photoresist removal fluid, cleaning and maintenance fluid
Energy management products (energy saving/storage/energy creation)	Energy Management System EMS, Charging Pile System In Energy Power Inventory/Energy Saving Service Uninterruptible Power Supply System	Assisting management customers in energy management to further achieve energy generation, storage, and conservation, making the most appropriate energy planning and scheduling, and providing high value-added product supply chains and related medical institutions with uninterruptible power backup systems to reduce personnel injuries and related losses
Energy Management System EMS	Energy Management Software DIAEnergie Visualization Software DAIView	Data collection enables data visualization, supporting common industrial control communications. In addition to understanding energy consumption, it can also be combined with the reading of production data to achieve energy efficiency awareness, allowing every drop of energy to be fully utilized. For small factories or self-development,

		DIAView can be used For large factories, DIAEnergie is used

B. Production process

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

3. Supply of Main Raw Materials

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

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

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

Unit: NT$ 1,000

Item	2022				2023			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases(%)	Relationship with the issuer
1	A	636,315	20.88	None	A	420,466	19.00	None
2	B	339,557	11.14	None	B	60,657	2.74	None
3	others	2,071,858	67.98	-	others	1,731,589	78.26	-
total	Net purchases	3,047,730	100.00	-	Net purchases	2,212,712	100.00	-

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

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

5. Table of production value for the last two years

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

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

Unit: NT$ 1,000

Year / Main products	2022				2023			
	Domestic sales (Note 2)		Export sales		Domestic sales (Note 2)		Export sales	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Mechanical transmission	-	256,642	-	910,927	-	160,660	-	622,988
Automation control	-	1,025,175	-	667,478	-	695,650	-	592,163
Sales and services of semiconductor equipment material	-	302,871	-	245,709	-	296,988	-	219,038
Energy management products	-	93,296	-	256,336	-	108,512	-	351,694
Others	-	3,556	-	431	-	3,610	-	500
Total	-	1,681,540	-	2,080,881	-	1,265,420	-	1,786,383

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

(III) Employee Information

Year		2022	2023	As of March 31, 2024 (Note1)
Number of employees	Technical employees	17	17	16
	General employees	351	362	349
	Total	368	379	365
Average Age		40.3	40.41	41.14
Average Service Year		9.9	10.05	9.89
Educational distribution ratio (%)	Director of Philosophy	0.3	0.3	0.3
	Master's Degree	10.3	12.4	12.3
	Bachelor's Degree	66.8	65.4	65.5
	Senior high school	22.3	21.9	21.9
	Senior high school below	0.3	0	0

Note 1: As of April 10, 2024 (the Printed Date) and for the concerns of accuracy, the last date of available information is March 31, 2024.

(IV) Environmental Protection Expenditures

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

(V) Labor-Management Relations

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

(1) Employee welfare measures

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

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

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

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

(2) Training

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

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

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

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

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

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

(3) Retirement system

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

(4) Work environment and employee safety protection measures

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

(5) Agreement between employers and employees

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

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

(VI) Cyber security management:

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

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

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

(3) Specific Management Plan

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

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

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

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

(4) Invest in resources for information security management

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

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

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

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

2. Indicate the losses suffered, the likely impact and the measures taken to respond to major information and communications security incidents in the most recent year and up to the date of printing of the annual report, and, if not reasonably estimable, the facts shall be as follows: On October 27, 2023, the Company was subjected to a hacker attack. The information department, upon detecting that some information systems were under a hacker network attack, immediately activated full-scale defense mechanisms and recovery operations. It collaborated with external information security company technical experts to jointly handle and actively carry out data recovery. This information security incident had no significant impact on the Company's operations.

(VII) Material Contracts

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

Nature of Contracts	Parties	Date of commencement and expiration	Main Contents	Restrictions
Agency Agreement	ATLANTA Zahnrad&Werkzeugfabrik	1999/4/28 to 4 months' notice by either party before the termination date	Distributorship of goods	None
Distribution Contract	Miki Pulley Co,Ltd	1 year from 2018/10/1, automatically renewed for 1 year if both parties do not give 3 months' notice before expiration		
Agency Agreement	PATLITE Corporation	1 year from 2012/1/1, automatically renewed for 1 year if both parties do not give 3 months' notice before the expiration date		
Agency Agreement	Magnescale Co.,Ltd.	From 2012/4/1 until either party notifies the other in writing of the termination of the contract		
Distribution Contract	CKD (Taiwan)	2023/07/18 - 2028/07/17		
Agency Agreement	ETP Transmission AB	From 2014/3/28 to 12 months' notice by either party prior to termination date		
Agency Agreement	CCS Inc.,	From 2014/11/1 to 2 months' notice by either party before the termination date		
Agency Agreement	Li-ming Machinery (Co., Ltd.)	2020/1/1~2025/1/1		
Agency Agreement	Epson Technology (Taiwan) Co., Ltd.	2024/4/1~2025/3/31		
Agency Agreement	Delta Electronics Industrial Co., Ltd.	1 year from 2024/01/01		

VI.Financial Highlights

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

1. Condensed Consolidated Balance Sheet

Unit: NT$ 1,000

Item \ Year		Financial data for the most recent five years (Note 1)				
		2019	2020	2021(Note2)	2022	2023
Current Assets		2,465,172	2,260,104	2,681,399	2,359,687	2,018,389
Property, plant and equipment		421,156	411,767	373,454	666,613	560,875
Intangible assets		0	0	4,167	196,471	187,721
Other Assets		112,880	88,109	75,842	95,495	189,047
Total Assets		2,999,208	2,759,980	3,134,862	3,318,266	2,956,032
Current Liabilities	Before distribution	1,008,552	714,296	974,694	955,535	734,736
	After distribution	1,042,220	781,646	1,075,720	1,011,660	768,411 (Note 3)
Non-current liabilities		66,180	75,269	82,604	225,222	157,038
Total Liabilities	Before distribution	1,074,732	789,565	1,057,298	1,180,757	891,774
	After distribution	1,108,400	856,915	1,158,324	1,236,882	925,449 (Note 3)
Total equity attributable to shareholders of the Company		1,924,476	1,970,415	2,053,094	2,048,171	1,968,874
Common stock		1,122,255	1,122,505	1,122,505	1,122,505	1,122,505
Capital surplus		314,792	315,077	315,077	312,233	312,314
Retained earnings	Before distribution	515,329	591,473	672,018	649,360	572,289
	After distribution	481,661	524,123	570,992	593,235	538,614 (Note 3)
Other equity		-27,900	-58,640	-56,506	-35,927	-38,234
Treasury stock		0	0	0	0	0
Equity attributable to former owner of business combination under common control		0	0	20,310	0	0
Non-controlling interests		0	0	4,160	89,338	95,384
Total Equity	Before distribution	1,924,476	1,970,415	2,077,564	2,137,509	2,064,258
	After distribution	1,890,808	1,903,065	1,976,538	2,081,384	2,030,583 (Note 3)

Note1: The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2024 that was verified by CPAs as of the printing date of this Annual Report.

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

Note3: The proposal for the distribution of 2023 earnings was approved by the board of directors on February 27, 2024.

2. Condensed Consolidated Statement of Comprehensive Income

Unit: NT$ 1,000

Item \ Year	Financial data for the most recent five years (Note 1)				
	2019	2020	2021(Note 2)	2022	2023
Revenue	2,915,755	2,754,448	3,658,704	3,762,421	3,051,803
Gross profit	405,487	480,381	658,342	739,227	622,660
Operating income	-73,586	125,189	190,021	95,726	-13,473
Non operating income and loss	-14,557	-16,044	972	32,897	7,350
Income before income tax	-88,143	109,145	190,993	128,623	-6,123
Profit from continuing operations for the year	-73,817	87,180	149,851	97,574	-17,080
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	-73,817	87,180	149,851	97,574	-17,080
Other comprehensive income (loss), net of taxes	-10,540	-8,108	2,134	21,256	-137
Total comprehensive income (loss) for the year	-84,357	79,072	151,985	118,830	-17,217
Net income attributable to Shareholders of the Company	-73,817	87,180	147,895	78,953	-20,946
Net income attributable to Former owner of business combination under common control	0	0	1,623	3,394	-
Net income attributable to non-controlling interests	0	0	333	15,227	3,866
Total Comprehensive income attributable to Shareholders of the Company	-84,357	79,072	150,029	99,532	-23,253
Total comprehensive income attributable to Former owner of business combination under common control	0	0	1,623	3,394	-
Total comprehensive income attributable to non-controlling interests	0	0	333	15,904	6,036
Earnings Per Share (EPS)	-0.78	0.78	1.32	0.70	-0.19

Note1: The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2024 that was verified by CPAs as of the printing date of this Annual Report.

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

3. Condensed Parent Company Only Balance Sheet

Unit: NT$ 1,000

Item \ Year		Financial data for the most recent five years (Note 1)				
		2019	2020	2021(Note2)	2022	2023
Current Assets		1,383,158	1,435,215	1,399,017	898,061	760,649
Property, plant and equipment		127,493	126,436	311,265	382,537	294,997
Intangible assets		-	-	4,167	10,263	10,398
Other Assets		717,942	742,173	834,572	1,153,450	1,177,540
Total Assets		2,228,593	2,303,824	2,549,021	2,444,311	2,243,584
Current Liabilities	Before distribution	251,838	267,509	398,403	212,264	161,929
	After distribution	285,506	334,859	499,429	268,389	195,604 (Note 3)
Non-current liabilities		52,279	65,900	77,214	183,876	112,781
Total Liabilities	Before distribution	304,117	333,409	475,617	396,140	274,710
	After distribution	337,785	400,759	576,643	452,265	308,385 (Note 3)
Total equity attributable to shareholders of the Company		1,924,476	1,970,415	2,053,094	2,048,171	1,968,874
Common stock		1,122,255	1,122,505	1,122,505	1,122,505	1,122,505
Capital surplus		314,792	315,077	315,077	312,233	312,314
Retained earnings	Before distribution	515,329	591,473	672,018	649,360	572,289
	After distribution	548,997	524,123	570,992	593,235	538,614 (Note 3)
Other equity		-27,900	-58,640	-56,506	-35,927	-38,234
Treasury stock		-	-	-	-	-
Equity attributable to former owner of business combination under common control		-	-	20,310	-	-
Non-controlling interests		-	-	-	-	-
Total Equity	Before distribution	1,924,476	1,970,415	2,073,404	2,048,171	1,968,874
	After distribution	1,890,808	1,903,065	1,972,378	1,992,046	1,935,199 (Note 3)

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

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

Note3:The proposal for the distribution of 2023 earnings was approved by the board of directors on February 27, 2024.

4. Condensed Parent Company Only Comprehensive Income

Unit: NT$ 1,000

Item / Year	Financial data for the most recent five years (Note 1)				
	2019	2020	2021(Note 2)	2022	2023
Revenue	1,515,362	1,357,780	1,626,561	1,296,748	869,025
Gross profit	289,204	267,335	330,017	271,939	170,523
Operating income	117,497	87,405	120,848	61,361	-15,670
Non operating income and loss	-205,798	20,296	66,144	31,501	-15,165
Income before income tax	-88,301	107,701	186,992	92,862	-30,835
Profit from continuing operations for the year	-73,817	87,180	149,518	82,347	-20,946
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	-73,817	87,180	149,518	82,347	-20,946
Other comprehensive income (loss), net of taxes	-10,540	-8,108	2,134	20,579	-2,307
Total comprehensive income (loss) for the year	-84,357	79,072	151,652	102,926	-23,253
Net income attributable to Shareholders of the Company	-73,817	87,180	147,895	78,953	-20,946
Net income attributable to Former owner of business combination under common control	0	0	1,623	3,394	0
Total Comprehensive income attributable to Shareholders of the Company	-84,357	79,072	150,029	99,532	-23,253
Total comprehensive income attributable to Former owner of business combination under common control	0	0	1,623	3,394	0
Earnings Per Share (EPS)	-0.78	0.78	1.32	0.70	-0.19

Note1:The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2024 that was verified by CPAs as of the printing date of this Annual Report.

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

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

Year	2019	2020	2021	2022	2023
CPA	Shih, Wei-Ming	Shih, Wei-Ming	Shih, Wei-Ming	Shih, Wei-Ming	Chang, Huei-Chen
CPA	Chen, Mei Yen	Chen, Mei Yen	Chen, Mei Yen	Chen, Mei Yen	Chen, Mei Yen
Opinion and content	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

(II) Financial analysis for the most recent five years

1. International Financial Reporting Standards - Consolidated Financial Analysis

Item analyzed / Year		Financial analysis for the most recent five years (Note 1)				
			2019	2020	2021(Note 2)	2023
Financial structure	Ratio of debts to assets (%)	35.83	28.61	33.73	35.58	30.17
	Ratio of long-term capital to property, plant and equipment (%)	472.66	496.81	578.43	354.44	396.04
Solvency	Current ratio (%)	244.43	316.41	275.10	246.95	274.71
	Quick ratio (%)	185.34	251.71	202.99	148.95	180.38
	Interest coverage ratio	-4.38	13.04	41.37	15.72	0.15
Operating ability	Receivables turnover rate (times)	3.04	3.21	3.63	3.67	3.27
	Average collection days for receivables	120.07	113.71	100.55	99.46	111.62
	Inventory turnover rate (times)	3.83	4.38	5.37	3.87	3.10
	Payable turnover rate (times)	4.30	5.35	6.17	6.24	6.44
	Average days for sales	95.30	83.33	67.97	94.32	117.74
	Property, plant and equipment turnover rate (times)	6.80	6.61	9.32	7.23	4.97
	Total asset turnover rate (times)	0.95	0.96	1.24	1.17	0.97
Profitability	Return on assets (%)	-1.98	3.28	5.21	3.24	-0.36
	Return on equity (%)	-4.2	4.48	7.40	4.63	-0.81
	Ratio of profit before income tax to paid-in capital (%)	-7.85	9.72	17.01	11.46	-0.55
	Profit margin(%)	-2.53	3.17	4.10	2.59	-0.56
	Earnings per share (NT$)	-0.78	0.78	1.32	0.70	-0.19
Cash flow	Cash flow ratio (%)	11.02	15.05	1.43	-0.14	25.12
	Cash flow adequacy ratio (%)	227.39	92.94	65.87	37.38	69.10
	Cash flow reinvestment ratio (%)	3.21	3.43	-2.17	-4.14	6.27
Leveraging	Operating leverage	0.46	1.27	1.19	1.53	-3.17
	Financial leverage	0.82	1.08	1.02	1.10	0.65

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

1. The increase in quick ratio was mainly due to the decrease in the amount of short-term borrowings and the reduction of current liabilities in 2023.
2. The decrease in interest coverage ratio was mainly due to the decrease in Income before income tax in 2023.
3. The average inventory level has remained relatively stable over the two years. The decrease in the inventory turnover rate and the increase in average days for sales were due to the decrease in revenue in 2023, which resulted in a corresponding decrease in the cost of goods sold compared to the same period last year.
4. The decrease in the property, plant, and equipment turnover rate was mainly due to the decrease in revenue in 2023, which resulted in a corresponding decrease in the cost of goods sold.
5. The decrease in profitability-related financial ratios was mainly due to the fact that the economy had not yet recovered in 2023, and slowed shipments resulted in decreased revenue, impacting profitability.
6. The increase in cash flow related financial ratios was mainly due to the continuous reduction in inventory purchases in 2023 resulted in a decrease in accounts payable, leading to net cash inflows from operating activities for the current year.

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

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

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

Item analyzed	Year	Financial analysis for the most recent five years (Note 1)				
		2019	2020	2021(Note 2)	2022	2023
Financial structure	Ratio of debts to assets (%)	13.65	14.47	18.66	16.21	12.24
	Ratio of long-term capital to property, plant and equipment (%)	1550.48	1610.55	690.93	583.49	705.65
Solvency	Current ratio (%)	549.23	536.51	351.16	423.09	469.74
	Quick ratio (%)	498.21	482.94	272.35	292.68	328.62
	Interest coverage ratio	-43.28	509.03	854.84	77.14	-15.15
Operating ability	Receivables turnover rate (times)	3.04	3.52	3.72	3.35	3.17
	Average collection days for receivables	120.07	103.69	98.12	108.96	115.14
	Inventory turnover rate (times)	8.20	8.21	5.80	3.54	2.82
	Payable turnover rate (times)	4.53	5.89	4.96	4.47	5.56
	Average days for sales	44.51	44.46	62.93	103.11	129.43
	Property, plant and equipment turnover rate (times)	11.71	10.69	7.43	3.74	2.57
	Total asset turnover rate (times)	0.66	0.60	0.67	0.52	0.37
Profitability	Return on assets (%)	-3.15	3.85	6.17	3.34	-0.83
	Return on equity (%)	-4.20	4.48	7.39	4.00	-1.04
	Ratio of profit before income tax to paid-in capital (%)	-7.87	9.59	16.66	8.27	-2.75
	Profit margin(%)	-4.87	6.42	9.19	6.35	-2.41
	Earnings per share (NT$)	-0.78	0.78	1.32	0.70	-0.19
Cash flow	Cash flow ratio (%)	60.25	21.41	-1.47	50.69	22.61
	Cash flow adequacy ratio (%)	453.47	277.37	60.08	58.53	44.86
	Cash flow reinvestment ratio (%)	5.45	1.16	-3.41	0.30	-0.99
Leveraging	Operating leverage	1.09	1.12	1.10	1.27	-0.22
	Financial leverage	1.02	1.00	1.00	1.02	0.89

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

1. The increase in the ratio of debts to assets was mainly due to the decrease in long-term borrowings repayment and reduced inventory purchases in 2023, which led to a decrease in accounts payable, resulting in an overall decrease in liabilities.
2. The decrease in interest coverage ratio and profitability ratios was due to the fact that the economy had not yet recovered in 2023, and slowed shipments resulted in decreased revenue, impacting profitability.
3. The decrease in the inventory turnover rate and the increase in average days for sales were due to the decrease in revenue in 2023, which resulted in a corresponding decrease in the cost of goods sold compared to the same period last year.
4. The decrease ins Property, plant and equipment turnover rate and Total asset turnover rate was due to a decrease in revenue in 2023.
5. The decrease in cash flow-related ratios was attributed to the slow economic recovery in 2023. Slowed shipments resulted in decreased revenue, leading to a decrease in accounts receivable and subsequently reducing the net cash inflow from operating activities.

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

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

Below are calculations:

1. Financial structure

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

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

2. Solvency

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

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

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

3. Operating ability

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

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

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

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

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

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

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

4. Profitability

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

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

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

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

5. Cash flow

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

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

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

6. Leveraging

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

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

(III) The Audit Committee's Review Report

Audit Committee’s Review Report

The Board of Directors has prepared the Company's Financial Statements for the year of 2023. Chang, Huei-Chen and Chen, Mei-Yen, Public Accountants of KPMG, have audited the Financial Statements. The 2023 Financial Statements, Business Report, Independent Auditors Report and the Company's 2023 Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Ace Pillar Co., Ltd. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

ACE PILLAR Co., Ltd. 2024 Annual General Shareholders’ Meeting

Chair of the Audit Committee
Lee, Liang-Yoo
February 27, 2024

(IV) Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: Please refer to P.103~P.172.

(V) A parent company only financial statement for the most recent fiscal year, certified by a CPA: Please refer to P.173~P.239.

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

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

(I) Financial position

Financial position analysis

Unit: NT$ 1,000

Year / Item	2022	2023	差　異	
			金額	%
Current assets	2,359,687	2,018,389	(341,298)	-14%
Property, plant and quipment	666,613	560,875	(105,738)	-16%
Intangible assets	196,471	187,721	(8,750)	-4%
Other assets	95,495	189,047	93,552	98%
Total assets	3,318,266	2,956,032	(362,234)	-11%
Current liabilities	955,535	734,736	(220,799)	-23%
Non current liabilities	225,222	157,038	(68,184)	-30%
Total liabilities	1,180,757	891,774	(288,983)	-24%
Common stock	1,122,505	1,122,505	-	0%
Capital surplus	312,233	312,314	81	0%
Retained earnings	649,360	572,289	(77,071)	-12%
Other equity	(35,927)	(38,234)	(2,307)	-6%
Total equity attributable to shareholders of the Company	2,048,171	1,968,874	(79,297)	-4%
Equity attributable to former owner of business combination under common control	-	-	-	-
Non controlling interests	89,338	95,384	6,046	7%
Total equity	2,137,509	2,064,258	(73,251)	-3%

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

1.The increase in other assets was primarily due to the reclassification of the Sanchong office from operational use to rental purposes in 2023, consequently reclassified as investment properties.

2.The decrease in total liabilities was mainly due to the repayment of long and short-term borrowings in 2023.

(II) Financial performance

Financial performance analysis

Unit: NT$ 1,000

Item \ Year	2022	2023	Increase (decrease) amount	Change in proportion
Net revenue	3,762,421	3,051,803	(710,618)	-19%
Gross profit	739,227	622,660	(116,567)	-16%
Profit from operations	95,726	-13,473	(109,199)	-114%
Non-operating income and expenses	32,897	7,350	(25,547)	-78%
Profit before income tax for the year	128,623	-6,123	(134,746)	-105%
Profit for the year	97,574	-17,080	(114,654)	-118%

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

1. The decrease in Profit from operations, Profit before income tax for the year, and Profit for the year was mainly due to the fact that the economy had not yet recovered in 2023, and slowed shipments resulted in decreased revenue, impacting profitability.
2. The decrease in non-operating income and expenses was mainly due to the absence of gains from the disposal of the Sanchong office , which occurred in the same period last year but not in 2023.

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

(III) Cash flow

1. Change in consolidated cash flow in 2023

Unit: NT$ 1,000

Cash balance at the beginning of 2023	2023 Net cash flow	Cash balance at the end of 2022
436,095	(44,252)	391,843

Unit: NT$ 1,000

	2022 年	2023 年	Increase (decrease) amount	Change in proportion
Net cash flows provided by operating activities	184,562	(1,331)	185,893	13,966%
Net cash flows used in investing activities	(2,664)	(90,978)	88,314	97%
Net cash flows used in financing activities	(220,981)	(12,931)	(208,050)	-1,609%

(1)The increase in net cash flows provided by operating activities was mainly due to the continued reduction in inventory purchases, resulting in decreased cash outflows for inventory and accounts payable.

(2)The net cash outflow from investment activities was NT$2,664 thousand, was mainly due to the acquisition of subsidiaries last year, resulting in a decrease in net cash outflow compared to the same period last year.

(3) The net cash outflow from net cash flows used in financing activities was NT$220,981 thousand, an increase from the same period last year, primarily due to the repayment of long and short-term borrowings this year.

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

3. Analysis of cash liquidity in the coming year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

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

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

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

(VI) Matters for Analysis and Assessment for Risks

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

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

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre tax income for the years ended December 31, 2023 and 2022 would have been $1,846 and $3,299, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

The Group is exposed to foreign currency risk on sales, purchases and bank loans that are denominated in a currency other than the respective functional currency of the Group′ s entities.As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022, the aggregate of realized and unrealized foreign exchange gains were $(2,406) and $8,174, respectively

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

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

(1) The Company does not engage in high-risk, highly leveraged investments or speculative trading of

derivative commodities as a risk-averse strategy.

(2) Both the Company and its subsidiaries follow the Fund Lending Procedure and the Endorsement and Guarantee Procedure to lend funds to others and endorse guarantees, which are mainly between parent and subsidiary companies, with no adverse impact on the Company's financial position.

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

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

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

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

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

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

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

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

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

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

9. Risk of procurement and sales concentration, and countermeasures

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

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

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

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

13. Other i mportant risks and countermeasures: None.

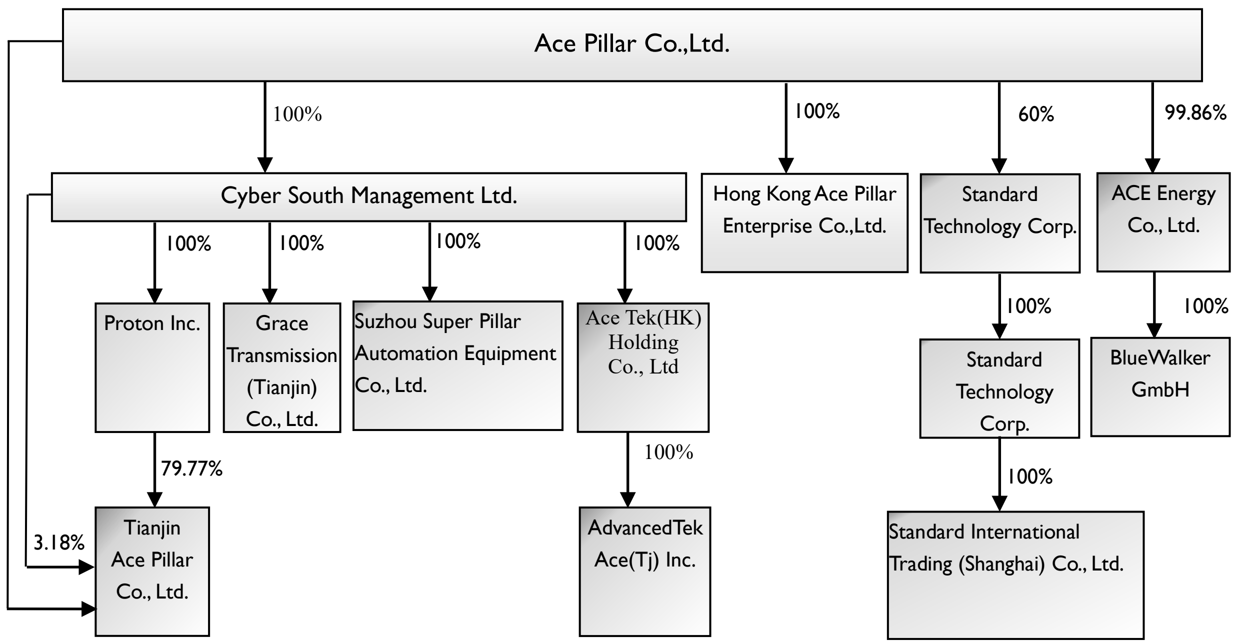
(VII) Other material matters: None.

VIII.Special Notes

(I) Information about affiliates

1. Consolidated business report of the affiliated enterprises

(1) Organization chart of affiliates



(2) Basic information of affiliates

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

Name of business	Date of incorporation	Address	Paid-in Capital	Main Activities
Ace Pillar Co., Ltd.	1984.03.31	25F., No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City	NTD1,122,505	Sales of automation mechanical transmission system and component
Tianjin Ace Pillar Co., Ltd.	1993.04.28	No.3 West 10 Avenue, Tianjin Airport Economic Area Tianjin,China.	USD34,175	Sales of automation mechanical transmission system and component
Grace Transmission (Tianjin) Co., Ltd. (Note)	1995.12.13	No.3 West 10 Avenue, Tianjin Airport Economic Area Tianjin,China.	RMB1,666	Manufacture of automation mechanical transmission system and component
Cyber South Management Ltd.	2001.05.28	Vistra Corporate Services Centre,Ground Floor NPF Building,Beach Road, Apia,Samoa	USD4,669	Investment and holding activity
Proton Inc.	2002.07.15	Portcullis Chambers, P.O. Box 1225,Apia, Samoa	USD17,744	Investment and holding activity
Hong Kong Ace Pillar Enterprise Co.,Ltd. (Note)	2004.02.25	Unit 06, G/F, The Lodge, 535 Canton Road, Yaumatei, Kowloon, Hong Kong	HKD1,200	Sales of automation mechanical transmission system and component
Ace Tek(HK) Holding Co., Ltd.	2008.09.01	Room 1501,15/F.,Capital Centre, 151 Gloucester Road,Wan Chai,Hong Kong	USD150	Investment and holding activity
AdvancedTek Ace(Tj) Inc.	2009.07.16	No.3 West 10 Avenue,Tianjin Airport Economic Area Tianjin,China.	USD300	Electronic system integration
Suzhou Super Pillar Automation Equipment Co., Ltd.	2011.03.07	No. 169, the Zhujiang Road, Huqiu District, Suzhou City, Jiangsu Province (the third floor of S2 Factory)	USD1,450	Manufacture of automation mechanical transmission system and component
Standard Technology Corp.	1988.2.12	3F.-1, No. 47, Ln. 2, Sec. 2, Guangfu Rd., East Dist., Hsinchu City	NTD101,400	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair
Standard Technology Corp.	1999.7.14	Plam Grove House, P.O. Box 438, Road Town,Tortola, British Virgin Islands	USD600	Investment and holding activity
Standard International Trading (Shanghai) Co., Ltd.	2002.10.25	Room 806B,118 Xinling Road,China (Shanghai) pilot Free Trade Zone.	USD480	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair
ACE Energy Co., Ltd.	2013.01.25	25F., No. 556, Zhongyuan Rd., Xinzhuang Dist., New Taipei City	NTD50,000	Service of energy technology
BlueWalker GmbH	2004.08.04	Hellersbergstraße 6, 41460 Neuss, Germany	EUR1,000	Sales and service of energy management products

Note：Company dissolution carried out in 2024.

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

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

(5) Directors, supervisors, and presidents of affiliates

2024.4.10 Unit: Share

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

Note：The company is structured as a limited company.

(6) Overview of affiliates' operations:

December 31, 2023; Unit: NT$1,000

Name of business	Capital	Total assets	Total liabilities	Net assets	Revenue	Profit from operations	Profit or loss for the year (After income tax)	Earnings per share (dollar; after income tax)
Cyber South Managemen Ltd.	USD4,669	570,665	33,200	537,465	-	(36)	(36,131)	-
Tianjin Ace Pillar Co., Ltd.	USD35,297	1,017,246	523,529	493,717	976,571	(51,890)	(43,543)	-
Hong Kong Ace Pillar Enterprise Co.,Ltd.	HKD1,200	4,898	184	4,714	982	(1,319)	(1,320)	-
Proton Inc.	USD17,744	417,001	-	417,001	-	(36)	(36,653)	-
Ace Tek(HK) Holding Co., Ltd.	USD150	2,595	-	2,595	-	-	457	-
Suzhou Super Pillar Automation Equipment Co., Ltd.	USD1,450	146,939	39,336	107,603	231,613	1,675	1,461	-
Grace Transmission (Tianjin) Co., Ltd.	RMB1,666	4,099	-	4,099	-	(29)	2	-
AdvancedTek Ace(Tj) Inc.	USD300	12,644	10,076	2,568	69,198	573	456	-
Standard Technology Corp.	NTD 101,400	276,949	88,445	188,504	321,350	6,293	15,044	-
Standard Technology Corp.	USD600	111,374	-	111,374	-	(1)	14,578	-
Standard International Trading (Shanghai) Co., Ltd.	USD480	149,906	41,967	107,939	201,168	18,350	14,473	-
ACE Energy Co., Ltd.	NTD 50,000	230,161	25,387	204,774	108,952	2,340	25,114	-
BlueWalker GmbH	EUR1,000	201,985	66,810	135,175	351,254	34,433	24,094	-

2. Consolidated financial statements of the affiliated enterprises: Not applicable. please refer to Representation Letter P.103。

3. Report of affiliated companies：Not applicable.

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

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

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

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

Representation Letter

The entities that are required to be included in the combined financial statements of Ace Pillar Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Ace Pillar Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Ace Pillar Co., Ltd.
Chang-Hong Lee
Chairman
February 27, 2024

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Ace Pillar Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ace Pillar Co., Ltd. and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Impairment of goodwill

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

Ace Pillar Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified audit opinion for the year ended December 31, 2023 and an unmodified audit opinion with Emphasis of Matter section for the year ended December 31, 2022.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 391,843	13	436,095	13
1110	Financial assets at fair value through profit or loss－current (note 6(b))	1,730	-	163	-
1136	Financial assets at amortized cost－current (notes 6(d) and 8)	1,000	-	7,848	-
1140	Contract assets－current (note 6(u))	812	-	-	-
1150-1170	Notes and accounts receivable (notes 6(e), (u), 7 and 8)	920,711	31	944,003	28
1200	Other receivables (notes 6(f) and 7)	5,241	-	29,412	1
130X	Inventories (note 6(g))	668,897	23	896,923	27
1410-1470	Prepayments and other current assets	28,155	1	45,243	2
	Total current assets	2,018,389	68	2,359,687	71
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(c))	8,655	-	1,434	-
1535	Financial assets at amortized cost－non-current (note 6(d))	3,211	-	3,212	-
1600	Property, plant and equipment (notes 6(h), (j) and 8)	560,875	19	666,613	20
1755	Right-of-use assets (note 6(k))	53,443	2	52,312	2
1760	Investment property, net (note 6(l))	81,805	3	-	-
1780	Intangible assets (note 6(m))	187,721	6	196,471	6
1840	Deferred income tax assets (note 6(r))	13,438	1	9,865	-
1920	Refundable deposits	20,894	1	18,755	1
1990	Other non-current assets	7,601	-	9,917	-
	Total non-current assets	937,643	32	958,579	29
	Total assets	$ 2,956,032	100	3,318,266	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(n) and 8)	$ 134,599	5	229,235	7
2123	Financial liabilities at fair value through profit or loss－current (note 6(b))	40	-	1,058	-
2130	Contract liabilities－current (note 6(u))	44,252	2	108,161	3
2150-2170	Notes and accounts payable (note 7)	364,024	12	390,605	12
2200	Other payables (note 7)	127,005	4	149,251	5
2230	Current income tax liabilities	39,331	1	55,065	2
2280	Lease liabilities－current (notes 6(p) and 7)	13,500	-	11,367	-
2300	Other current liabilities	11,985	-	10,140	-
2320	Current portion of long-term debt (notes 6(o) and 8)	-	-	653	-
	Total current liabilities	734,736	24	955,535	29
	Non-current liabilities:				
2540	Long-term debt (notes 6(o) and 8)	50,000	2	100,000	3
2570	Deferred income tax liabilities (note 6(r))	82,696	3	100,136	3
2580	Lease liabilities－non-current (notes 6(p) and 7)	24,342	1	25,086	1
	Total non-current liabilities	157,038	6	225,222	7
	Total liabilities	891,774	30	1,180,757	36
	Equity attributable to shareholders of the Company (notes 6(i) and (s)):				
3110	Common stock	1,122,505	38	1,122,505	34
3200	Capital surplus	312,314	11	312,233	9
3300	Retained earnings	572,289	19	649,360	20
3400	Other equity	(38,234)	(1)	(35,927)	(1)
	Total equity attributable to shareholders of the Company	1,968,874	67	2,048,171	62
36XX	**Non-controlling interests (note 6(i))**	95,384	3	89,338	2
	Total equity	2,064,258	70	2,137,509	64
	Total liabilities and equity	$ 2,956,032	100	3,318,266	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 (Loss)

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(u), 7 and 14)**	$ 3,051,803	100	3,762,421	100
5000	**Operating costs (notes 6(g), (j), (q), 7 and 12)**	(2,429,143)	(80)	(3,023,194)	(80)
	Gross profit	622,660	20	739,227	20
	Operating expenses (notes 6(e), (j), (k), (l), (m), (p), (q), (v), 7 and 12):				
6100	Selling expenses	(421,143)	(14)	(429,537)	(12)
6200	Administrative expenses	(222,952)	(7)	(195,838)	(5)
6300	Research and development expenses	(5,420)	-	(5,805)	-
6450	Gains on reversal of impairment loss (expected credit loss)	13,382	-	(12,321)	-
	Total operating expenses	(636,133)	(21)	(643,501)	(17)
	Operating income (loss)	(13,473)	(1)	95,726	3
	Non-operating income and loss (notes 6(h), (p), (w) and 7):				
7100	Interest income	1,996	-	1,601	-
7010	Other income	21,445	1	9,831	-
7020	Other gains and losses, net	(8,881)	(1)	30,308	1
7050	Finance costs	(7,210)	-	(8,843)	-
	Total non-operating income and loss	7,350	-	32,897	1
	Income (loss) before income tax	(6,123)	(1)	128,623	4
7950	**Less: income tax expense (note 6(r))**	(10,957)	-	(31,049)	(1)
	Net income (loss)	(17,080)	(1)	97,574	3
	Other comprehensive income (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	7,222	-	-	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		7,222	-	-	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	(7,359)	-	21,256	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		(7,359)	-	21,256	-
	Other comprehensive income (loss) for the year, net of income tax	(137)	-	21,256	-
	Total comprehensive income (loss) for the year	**$ (17,217)**	**(1)**	**118,830**	**3**
	Net income (loss) attributable to:				
8610	Shareholders of the Company	$ (20,946)	(1)	78,953	2
8615	Former owner of business combination under common control	-	-	3,394	-
8620	Non-controlling interests	3,866	-	15,227	1
		$ (17,080)	**(1)**	**97,574**	**3**
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the Company	$ (23,253)	(1)	99,532	3
8715	Former owner of business combination under common control	-	-	3,394	-
8720	Non-controlling interests	6,036	-	15,904	-
		$ (17,217)	**(1)**	**118,830**	**3**
	Earnings (loss) per share (in New Taiwan dollars) (note 6(t)):				
9750	Basic earnings (loss) per share	**$ (0.19)**		**0.70**	
9850	Diluted earnings (loss) per share	**$ (0.19)**		**0.70**	

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 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	$ 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 in 2022	-	-	-	-	78,953	78,953	-	-	-	78,953	3,394	15,227	97,574
Other comprehensive income in 2022	-	-	-	-	-	-	20,579	-	20,579	20,579	-	677	21,256
Total comprehensive income in 2022	-	-	-	-	78,953	78,953	20,579	-	20,579	99,532	3,394	15,904	118,830
Appropriation of earnings:													
Legal reserve	-	-	14,790	-	(14,790)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(101,026)	(101,026)	-	-	-	(101,026)	-	-	(101,026)
Other changes in capital surplus	-	1	-	-	-	-	-	-	-	1	-	-	1
Organizational restructuring under common control	-	(2,856)	-	-	-	-	-	-	-	(2,856)	(23,704)	-	(26,560)
Difference between consideration and the carrying amount arising from acquisition or disposal of shares of subsidiaries	-	-	-	-	(585)	(585)	-	-	-	(585)	-	(4,855)	(5,440)
Changes in ownership interests in subsidiaries	-	11	-	-	-	-	-	-	-	11	-	229	240
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	73,900	73,900
Balance at December 31, 2022	1,122,505	312,233	273,057	78,028	298,275	649,360	(35,927)	-	(35,927)	2,048,171	-	89,338	2,137,509
Net income (loss) in 2023	-	-	-	-	(20,946)	(20,946)	-	-	-	(20,946)	-	3,866	(17,080)
Other comprehensive income (loss) in 2023	-	-	-	-	-	-	(6,640)	4,333	(2,307)	(2,307)	-	2,170	(137)
Total comprehensive income (loss) in 2023	-	-	-	-	(20,946)	(20,946)	(6,640)	4,333	(2,307)	(23,253)	-	6,036	(17,217)
Appropriation of earnings:													
Legal reserve	-	-	7,837	-	(7,837)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(56,125)	(56,125)	-	-	-	(56,125)	-	-	(56,125)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	81	-	-	-	-	-	-	-	81	-	10	91
Balance at December 31, 2023	**$ 1,122,505**	**312,314**	**280,894**	**78,028**	**213,367**	**572,289**	**(42,567)**	**4,333**	**(38,234)**	**1,968,874**	**-**	**95,384**	**2,064,258**

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income (loss) before income taxes	$ (6,123)	128,623
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	41,393	40,211
Amortization	14,371	11,018
Provision (reversal) of expected credit loss	(13,382)	12,321
Interest expense	7,210	8,843
Interest income	(1,996)	(1,601)
Dividend income	(996)	(944)
Loss (gain) on disposal of property, plant and equipment	69	(187)
Gain on disposal of non-current assets held for sale	-	(23,829)
Loss (gain) on lease modifications	61	(741)
Loss on liquidation of a subsidiary	-	391
Total adjustments for profit or loss	46,730	45,482
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(1,567)	(163)
Contract assets	(812)	-
Notes and accounts receivable	59,617	301,305
Other receivables	1,228	(13,686)
Inventories	225,361	(45,728)
Other assets	20,546	5,040
Net changes in operating assets	304,373	246,768
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(1,018)	1,058
Notes and accounts payable	(26,581)	(285,859)
Other payables	(22,126)	(52,210)
Contract liabilities	(63,909)	(30,770)
Other current liabilities	1,845	769
Net defined benefit liabilities	-	(5,671)
Net changes in operating liabilities	(111,789)	(372,683)
Total changes in operating assets and liabilities	192,584	(125,915)
Total adjustments	239,314	(80,433)
Cash provided by operations	233,191	48,190
Interest received	1,901	1,525
Dividends received	996	944
Income taxes paid	(51,526)	(51,990)
Net cash flows provided by (used in) operating activities	184,562	(1,331)

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash received	-	(141,309)
Proceeds from disposal of non-current assets held for sale	-	46,401
Acquisition of property, plant and equipment	(4,468)	(29,954)
Proceeds from disposal of property, plant and equipment	399	348
Decrease (increase) in refundable deposits	(2,139)	9,395
Acquisition of intangible assets	(5,620)	(9,228)
Decrease in financial assets measured at amortized cost－current	6,848	17,721
Decrease in other non-current assets	2,316	15,648
Net cash flows used in investing activities	(2,664)	(90,978)
Cash flows from financing activities:		
Increase in short-term borrowings	187,869	469,918
Decrease in short-term borrowings	(279,937)	(451,697)
Increase in long-term debt	50,000	100,000
Repayments of long-term debt	(100,677)	(133)
Payment of lease liabilities	(14,872)	(15,806)
Cash dividends distributed to shareholders	(56,125)	(101,026)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	91	-
Interest paid	(7,330)	(8,747)
Changes in non-controlling interests	-	(5,440)
Net cash flows used in financing activities	(220,981)	(12,931)
Effect of foreign exchange rate changes	(5,169)	20,201
Net decrease in cash and cash equivalents	(44,252)	(85,039)
Cash and cash equivalents at beginning of year	436,095	521,134
Cash and cash equivalents at end of year	$ **391,843**	**436,095**

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(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 February 27, 2024.

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

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

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023.

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

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

(Continued)

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

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

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9－Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies:

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments); and

2) Financial assets at fair value through other comprehensive income.

(ii) Functional and presentation currency

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

(Continued)

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

(iii) Business combination under common control

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

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

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

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

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

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

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

(Continued)

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

(ii) List of subsidiaries in the consolidated financial statements

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

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

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 restructuring under common control that the Company owns the entire equity interests of AEG from beginning.

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.

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

(Continued)

(d) Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

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

(i) It is expected to be realized, or sold or consumed in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(Continued)

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

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting date; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

(Continued)

1) Financial assets measured at amortized cost

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

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

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

2) Financial assets at fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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

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

(Continued)

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

3) Financial assets at fair value through profit or loss

All financial assets not classified as at amortized cost or FVOCI as described above (e.g. financial assets held for trading and those that are managed and evaluated for performance on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

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

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

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

5) Impairment of financial assets

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

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

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

(Continued)

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

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

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

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

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

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

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

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

6) Derecognition of financial assets

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

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

(Continued)

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity transactions

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(Continued)

(iii) Derivative financial instruments

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

(h) Inventories

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

(i) Non-current assets held for sale

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

(Continued)

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

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

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

(k) 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.

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.

(l) Leases

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

(i) As a leasee

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

(ii) As a leasor

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

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

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

(m) Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

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

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

(n) Impairment of non-financial assets

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

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

(Continued)

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

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

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

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

(o) Revenue recognition

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

(i) Sale of goods

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

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

(ii) Rendering of services

The Group's revenue from providing energy system design and implementation services is recognized in the accounting period in which services are rendered. For performance obligations that are satisfied over time, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

(iii) Financing components

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

(Continued)

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

The remeasurements of the net defined benefit liability (asset) comprise 1) actuarial gains and losses; 2) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and 3) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liabilities (asset) are recognized in other comprehensive income and then transferred to retained earnings.

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

(iii) Short-term employee benefits

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

(Continued)

(q) Income taxes

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

The Group has determined that the global minimum top-up tax which it is required to pay under Pillar Two legislation is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

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

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;

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

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

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

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

(Continued)

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

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

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

1) the same taxable entity; or

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

(r) Business combinations

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

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

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

(s) Earnings per share ("EPS")

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

(t) Operating segments

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

(Continued)

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

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

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Impairment of goodwill

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

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 296	490
Demand deposits and checking accounts	381,547	435,605
Time deposits with original maturities less than three months	10,000	-
	$ 391,843	**436,095**

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

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Foreign currency forward contracts	$ 459	163
Foreign exchange swaps	1,271	-
	$ 1,730	**163**

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss:		
Foreign currency forward contracts	$ (40)	(64)
Foreign exchange swaps	-	(994)
	$ (40)	**(1,058)**

(Continued)

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

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

(i) Foreign currency forward contracts

	December 31, 2023		
	Contract amount (in thousands)		Maturity period
USD Buy / CNY Sell	USD	1,000	2024/01
CNY Buy / USD Sell	USD	2,780	2024/01
USD Buy / EUR Sell	USD	310	2024/01

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

(ii) Foreign exchange swaps

	December 31, 2023		
	Contract amount (in thousands)		Maturity period
TWD Swap in / CNY Swap out	CNY	42,000	2024/01

	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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Foreign unlisted stocks	$ 8,655	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 the above strategic investments and no transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2023 and 2022.

(Continued)

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

(d) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Pledged time deposits	$ 1,000	616
Time deposits	-	7,232
Corporate bonds	3,211	3,212
	$ 4,211	**11,060**
Current	$ 1,000	7,848
Non-current	3,211	3,212
	$ 4,211	**11,060**

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

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

(e) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 292,667	240,323
Accounts receivable measured at amortized cost	650,354	762,692
Less: loss allowance	(22,310)	(59,012)
	$ 920,711	**944,003**

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

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

(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**

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

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

	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**

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

	2023	2022
Balance at January 1	$ 59,012	27,646
Acquisition through business combination	-	3,143
Impairment loss (gain on reversal of impairment loss)	(13,382)	12,321
Write-off	(2)	(7,793)
(Reversal of) insurance claims for accounts receivable	(22,866)	23,434
Effect of exchange rate changes	(452)	261
Balance at December 31	**$ 22,310**	**59,012**

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

(Continued)

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

(f) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	$ 5,241	29,412
Less: loss allowance	-	-
	$ 5,241	**29,412**

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

(g) Inventories

	December 31, 2023	December 31, 2022
Merchandise inventory	**$ 668,897**	**896,923**

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

	2023	2022
Cost of inventories sold	$ 2,355,863	2,960,799
Write-downs of inventories	2,165	6,359
Losses on scrap of inventories	408	-
	$ 2,358,436	**2,967,158**

The write-downs of inventories arose from 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 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 consideration amounted to $46,401 and the carrying amount 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 the factory and land use rights located in China (Tianjin) Pilot Free Trade Zone. The abovementioned assets, with the carrying amount of $242,467 (CNY 55,035), were classified as non-current assets held for sale.

For the year ended December 31, 2022, under the impact of Covid-19 pandemic and the overall economic environment, the management assessed that the abovementioned assets no longer meet the criteria of classification of assets as held for sale. Therefore, the carrying amount of the assets classified as held for sale of $293,347 was reclassified to property, plant and equipment and right-of-use assets.

(Continued)

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

(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.

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.

(Continued)

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

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.

(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－patents	12,822	
Other non-current assets	1,273	
Accounts payable	(33,314)	
Other payables (including dividends payable)	(14,545)	
Current income 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**

(Continued)

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

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

3) Goodwill

Intangible assets－customer relationship and intangible assets－patents 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 restructuring 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	-	-	4,468	-	-	4,468
Disposals	-	-	(101,611)	(102,532)	-	(204,143)
Reclassification	(63,339)	(35,882)	2,894	-	(229)	(96,556)
Effect of exchange rate changes	-	(5,572)	(401)	-	-	(5,973)
Balance at December 31, 2023	**$ 193,588**	**484,938**	**79,074**	**-**	**-**	**757,600**
Balance at January 1, 2022	$ 219,768	247,048	150,322	102,532	6,122	725,792
Acquisition through business combination	-	-	15,401	-	-	15,401
Additions	-	20,963	8,991	-	-	29,954
Disposals	-	-	(7,979)	-	-	(7,979)
Reclassification from non-current assets held for sale	37,159	254,085	-	-	-	291,244
Reclassification	-	-	5,893	-	(5,893)	-
Effect of exchange rate changes	-	4,296	1,096	-	-	5,392
Balance at December 31, 2022	**$ 256,927**	**526,392**	**173,724**	**102,532**	**229**	**1,059,804**
Accumulated depreciation and impairment loss:						
Balance at January 1, 2023	$ -	136,316	154,343	102,532	-	393,191
Depreciation	-	16,685	8,585	-	-	25,270
Disposals	-	-	(101,143)	(102,532)	-	(203,675)
Reclassification	-	(16,175)	-	-	-	(16,175)
Effect of exchange rate changes	-	(1,618)	(268)	-	-	(1,886)
Balance at December 31, 2023	**$ -**	**135,208**	**61,517**	**-**	**-**	**196,725**
Balance at January 1, 2022	$ -	114,208	137,672	100,458	-	352,338
Acquisition through business combination	-	-	11,924	-	-	11,924
Depreciation	-	11,387	11,573	2,074	-	25,034
Reclassification from non-current assets held for sale	-	7,733	-	-	-	7,733
Disposals	-	-	(7,818)	-	-	(7,818)
Effect of exchange rate changes	-	2,988	992	-	-	3,980
Balance at December 31, 2022	**$ -**	**136,316**	**154,343**	**102,532**	**-**	**393,191**
Carrying amounts:						
Balance at December 31, 2023	**$ 193,588**	**349,730**	**17,557**	**-**	**-**	**560,875**
Balance at December 31, 2022	**$ 256,927**	**390,076**	**19,381**	**-**	**229**	**666,613**

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.

(Continued)

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	-	14,978	2,568	17,546
Disposals	-	(9,884)	(2,806)	(12,690)
Effect of exchange rates changes	(297)	(153)	(12)	(462)
Balance at December 31, 2023	**$ 18,169**	**50,381**	**2,594**	**71,144**
Balance at January 1, 2022	$ 7,265	32,454	3,053	42,772
Acquisition through business combination	-	6,237	443	6,680
Additions	-	35,717	-	35,717
Reclassification from non-current assets held for sale	10,561	-	-	10,561
Disposals	-	(29,341)	(663)	(30,004)
Effect of exchange rate changes	640	373	11	1,024
Balance at December 31, 2022	**$ 18,466**	**45,440**	**2,844**	**66,750**
Accumulated depreciation:				
Balance at January 1, 2023	$ 1,595	10,619	2,224	14,438
Depreciation	451	13,259	1,172	14,882
Disposals	-	(9,320)	(2,133)	(11,453)
Effect of exchange rates changes	(114)	(41)	(11)	(166)
Balance at December 31, 2023	**$ 1,932**	**14,517**	**1,252**	**17,701**
Balance at January 1, 2022	$ 544	16,403	1,155	18,102
Acquisition through business combination	-	1,132	27	1,159
Depreciation	190	13,670	1,317	15,177
Disposals	-	(20,715)	(276)	(20,991)
Reclassification from non-current assets held for sale	725	-	-	725
Effect of exchange rates changes	136	129	1	266
Balance at December 31, 2022	**$ 1,595**	**10,619**	**2,224**	**14,438**
Carrying amounts:				
Balance at December 31, 2023	**$ 16,237**	**35,864**	**1,342**	**53,443**
Balance at December 31, 2022	**$ 16,871**	**34,821**	**620**	**52,312**

(Continued)

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

(l) Investment property

	Land	Buildings	Total
Cost:			
Balance at January 1, 2023	$ -	-	-
Reclassification	63,339	35,882	99,221
Balance at September 30, 2023	**$ 63,339**	**35,882**	**99,221**
Accumulated depreciation:			
Balance at January 1, 2023	$ -	-	-
Depreciation	-	1,241	1,241
Reclassification	-	16,175	16,175
Balance at December 31, 2023	**$ -**	**17,416**	**17,416**
Carrying amount:			
Balance at December 31, 2023	**$ 63,339**	**18,466**	**81,805**
Fair value:			
Balance at December 31, 2023			**$ 169,348**

For the year ended December 31, 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	Patents	Customer relationship	Total
Cost:					
Balance at January 1, 2023	$ 98,273	16,731	12,822	81,942	209,768
Additions	-	5,620	-	-	5,620
Disposals	-	(1,341)	-	-	(1,341)
Effect of exchange rates changes	-	19	-	-	19
Balance at December 31, 2023	**$ 98,273**	**21,029**	**12,822**	**81,942**	**214,066**
Balance at January 1, 2022	$ -	5,687	-	-	5,687
Additions	-	9,228	-	-	9,228
Acquisition through business combination	86,633	2,535	12,822	104,736	206,726
Adjustment of business combination during the measurement period	11,640	-	-	(22,794)	(11,154)
Disposals	-	(725)	-	-	(725)
Effect of exchange rates changes	-	6	-	-	6
Balance at December 31, 2022	**$ 98,273**	**16,731**	**12,822**	**81,942**	**209,768**
Accumulated amortization:					
Balance at January 1, 2023	$ -	6,035	962	6,300	13,297
Amortization	-	5,448	1,282	7,641	14,371
Disposals	-	(1,341)	-	-	(1,341)
Effect of exchange rates changes	-	18	-	-	18
Balance at December 31, 2023	**$ -**	**10,160**	**2,244**	**13,941**	**26,345**

(Continued)

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

	Goodwill	Computer software	Patents	Customer relationship	Total
Balance at January 1, 2022	$ -	1,520	-	-	1,520
Amortization	-	3,756	962	6,300	11,018
Acquisition through business combination	-	1,478	-	-	1,478
Disposals	-	(725)	-	-	(725)
Effect of exchange rates changes	-	6	-	-	6
Balance at December 31, 2022	**$ -**	**6,035**	**962**	**6,300**	**13,297**
Carrying amounts:					
Balance at December 31, 2023	**$ 98,273**	**10,869**	**10,578**	**68,001**	**187,721**
Balance at December 31, 2022	**$ 98,273**	**10,696**	**11,860**	**75,642**	**196,471**

The carrying amount of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
STC	$ 76,149	76,149
BlueWalker GmbH	22,124	22,124
	$ 98,273	**98,273**

Each CGU to which the goodwill is allocated represents the lowest level within the Group, at which the goodwill is monitored for internal management purpose. As of December 31, 2023 and 2022, based on the results of impairment tests conducted by the Group, the recoverable amount of CGUs exceeded its carrying amount; as a result, no impairment loss was recognized. The recoverable amount of a CGU was determined based on the value in use.

	December 31, 2023	December 31, 2022
STC:		
Revenue growth rate	14.68%~27.9%	5.78%~15%
Pre-tax discount rate	16.48%	22.78%

	December 31, 2023	December 31, 2022
BlueWalker GmbH:		
Revenue growth rate	2.09%~3%	1%~4%
Pre-tax discount rate	24.32%	23.77%

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

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

(Continued)

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

(n) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 53,695	117,432
Secured bank loans	80,904	111,803
	$ 134,599	**229,235**
Unused credit facilities	**$ 2,304,216**	**2,521,803**
Interest rate	0.95%~3.9%	1.6%~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

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 50,000	100,000
Secured bank loans	-	653
Less: current portion of long-term debt	-	(653)
	$ 50,000	**100,000**
Unused credit facilities	**$ 400,000**	**100,000**
Interest rate	**1.95%**	**1.72%~5.83%**
Maturity year	**2026**	**2024**

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

(p) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	**$ 13,500**	**11,367**
Non-current	**$ 24,342**	**25,086**

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expense on lease liabilities	$ 810	559
Expenses relating to short-term leases	$ 15,459	16,570

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

	2023	2022
Total cash outflows for leases	$ 31,141	32,935

(i) Real estate leases

The Group leases lands and buildings for its office 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.

The expenses recognized in profit or loss were as follows:

	2023
Operating costs	$ 30

In 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

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

(Continued)

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

For the years ended December 31, 2023 and 2022, the Group recognized the pension expenses of $23,106 and $22,476, respectively, in relation to the defined contribution plans.

(r) Income taxes

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

		2023	2022
Current income tax expense	$	30,286	46,959
Surtax on undistributed earnings		1,589	1,604
Adjustments for prior years		95	345
		31,970	48,908
Deferred income tax expense (benefit)			
Origination and reversal of temporary differences		(21,013)	(17,859)
Income tax expense	**$**	**10,957**	**31,049**

In 2023 and 2022, there was no income tax recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense and income (loss) before income tax for the years ended December 31, 2023 and 2022 was as follows:

		2023	2022
Income (loss) before income tax	**$**	**(6,123)**	**128,623**
Income tax (benefit) using the Company's statutory tax rate	$	(1,225)	25,725
Effect of different tax rates in foreign jurisdictions		2,751	722
Surtax on undistributed earnings		1,589	1,604
Land transactions income exemption		-	(4,188)
Investment income recorded under equity method		(6,165)	(6,092)
Changes in unrecognized tax losses		18,531	11,788
Changes in unrecognized temporary differences		(3,473)	-
Adjustments for prior periods		95	345
Others		(1,146)	1,145
	$	**10,957**	**31,049**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

As the Company is able to control the timing of the reversal of the temporary differences associated with investments in certain subsidiaries as of December 31, 2023 and 2022, and management considers that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences are not recognized as deferred income tax liabilities. In addition, as certain subsidiaries determined that it is not probable that future taxable profits will be sufficient to allow for the utilization of loss carryforwards as of the reporting dates, no deferred income tax assets are recognized.

(Continued)

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

Unrecognized deferred income tax assets:

	December 31, 2023	December 31, 2022
Tax losses	$ **95,283**	**82,858**

Unrecognized deferred income tax liabilities:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ **14,122**	**10,649**

As of December 31, 2023, the unrecognized tax losses and the respective expiry years were as follows:

Unrecognized tax losses	Year of expiry
$ 126,076	2024
61,014	2025
56,845	2026
59,004	2027
77,673	2028
14,200	2029
1,604	2030
$ **396,416**	

2) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

	Write-downs of inventories	Loss allowance of receivables	Others	Total
Balance at January 1, 2023	$ 4,485	5,014	366	9,865
Recognized in profit or loss	3,588	(360)	345	3,573
Balance at December 31, 2023	$ **8,073**	**4,654**	**711**	**13,438**
Balance at January 1, 2022	$ 3,005	5,014	1,215	9,234
Recognized in profit or loss	843	(454)	(1,993)	(1,604)
Acquisition through business combination	637	454	1,144	2,235
Balance at December 31, 2022	$ **4,485**	**5,014**	**366**	**9,865**

(Continued)

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

Deferred income tax liabilities:

	Gains from investments in subsidiaries	Others	Total
Balance at January 1, 2023	$ 82,602	17,534	100,136
Recognized in profit or loss	(16,257)	(1,183)	(17,440)
Balance at December 31, 2023	**$ 66,345**	**16,351**	**82,696**
Balance at January 1, 2022	$ 74,358	-	74,358
Recognized in profit or loss	(18,044)	(1,419)	(19,463)
Acquisition through business combination	26,288	18,953	45,241
Balance at December 31, 2022	**$ 82,602**	**17,534**	**100,136**

(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

(i) Common stock

As of December 31, 2023 and 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.

(ii) Capital surplus

	December 31, 2023	December 31, 2022
Paid-in capital in excess of par value	$ 275,225	275,225
Changes in ownership interests in subsidiaries	29	11
Employee stock options	7,354	7,354
Unclaimed dividends reclassified to capital surplus	107	107
Treasury share transactions	29,454	29,454
Others	145	82
	$ 312,314	**312,233**

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

(Continued)

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

(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. In accordance with the Company's Articles of Incorporation amended on August 24, 2021, the dividend distribution policy shall be based on the Company's needs for business operation and growth as well as capital budget. If the Company has annual earnings and the distributable earnings for the years achieves 2% of capital, the dividend distribution shall not be less than 10% of the distributable earnings for the year, of which of the percentage of cash dividends shall not be less than 20% of the total dividends for the year.

1) Legal reserve

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

2) Special reserve

When the Company adopted IFRSs endorsed by FSC for the first time, Company elected to use the exemption items applied to the first-time adoption the IFRSs in IFRS 1. At the date of transition to IFRSs, the accumulated translation adjustment amount of $78,330 was transferred to retained earnings and the same amount was recognized in special reserve. When the related assets were used, disposed, or reclassified, the Company should proportionally reserve the original special reserve contribution and distribute it as earnings. The aforementioned special reserve was $78,028 as of both December 31, 2023 and 2022.

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

(Continued)

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

3) Earnings distribution

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	$ 0.5	56,125	0.9	101,026

The appropriation of 2023 earnings was resolved by the Board of Directors on February 27, 2024. The resolved appropriation of the cash dividends per share was as follows:

	2023	
	Dividends per share (in dollars)	Amount
Dividends per share:		
Cash dividends	$ 0.30	33,675

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

(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	(6,640)	-	(6,640)
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	4,333	4,333
Balance at December 31, 2023	$ (42,567)	4,333	(38,234)
Balance at January 1, 2022	$ (56,506)	-	(56,506)
Foreign exchange differences arising from translation of foreign operations	20,579	-	20,579
Balance at December 31, 2022	$ (35,927)	-	(35,927)

(Continued)

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

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

	2023	2022
Balance at January 1	$ 89,338	4,160
Equity attributable to non-controlling interests		
Net income	3,866	15,227
Changes in ownership interests in subsidiaries	10	229
Foreign currency translation differences	(719)	677
Difference between consideration and the carrying amount arising from acquisition or disposal of shares of subsidiaries	-	(4,855)
Unrealized gains on financial assets measured at fair value through other comprehensive income	2,889	-
Increase in non-controlling interests in acquisition of subsidiaries	-	73,900
Balance at December 31	**$ 95,384**	**89,338**

(t) Earnings (loss) per share ("EPS")

(i) Basic (loss) earnings per share

	2023	2022
Net income (loss) attributable to shareholders of the Company	**$ (20,946)**	**78,953**
Weighted-average number of common shares outstanding (in thousands)	**112,250**	**112,250**
Basic earnings (loss) per share (in dollars)	**$ (0.19)**	**0.70**

(ii) Diluted (loss) earnings per share

	2023	2022
Net income (loss) attributable to shareholders of the Company	**$ (20,946)**	**78,953**
Weighted-average number of common shares outstanding (in thousands)	112,250	112,250
Effect of dilutive potential common shares:		
Effect of employee remuneration in stock	-	83
Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common stock)	**112,250**	**112,333**
Diluted earnings (loss) per share (in dollars)	**$ (0.19)**	**0.70**

The Company did not calculate the effect of dilutive potential common stock on earnings per share as it incurred net loss for the year ended December 31, 2023.

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(Continued)

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

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Major products / services lines:			
Automation control	$	1,287,813	1,692,653
Mechanical transmission		783,648	1,167,569
Sales of semiconductor equipment consumables and equipment repair services		516,026	548,580
Energy management products		460,206	349,631
Others		4,110	3,988
	$	**3,051,803**	**3,762,421**

(ii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	$	943,021	1,003,015	1,133,033
Less: loss allowance		(22,310)	(59,012)	(27,646)
	$	**920,711**	**944,003**	**1,105,387**
Contract assets	$	**812**	**-**	**-**
Contract liabilities－advance receipts	$	**44,252**	**108,161**	**126,238**

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 years ended December 31, 2023 and 2022, which were included in the contract liabilities balance at the beginning of the period, were $82,646 and $107,963, 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.

(Continued)

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

The Company did not accrue any remuneration to employees and directors for the year ended December 31, 2023 as it incurred a net loss in 2023. For the year ended December 31, 2022, the Company accrued its remuneration to employees amounting to $1,845, and the remuneration to directors amounting to $922. The estimated amounts mentioned above are calculated based on the income before income tax, excluding the remuneration to employees and directors of the 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 was 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

	2023	2022
Interest income from bank deposits	$ 1,820	1,246
Interest income from financial assets measured at amortized cost	95	76
Others	81	279
	$ 1,996	**1,601**

(ii) Other income

	2023	2022
Dividend income	$ 996	944
Payables and advance receipts reclassified to income	13,244	-
Miscellaneous income	7,205	8,887
	$ 21,445	**9,831**

(iii) Other gains and losses

	2023	2022
Losses on liquidation of subsidiary	$ -	(391)
Gains (losses) on lease modifications	(61)	741
Foreign currency exchange gains (losses), net	(2,406)	8,174
Losses on financial instruments at fair value through profit or loss	(5,865)	(1,950)
Gains (losses) on disposal of fixed assets	(69)	187
Gains on disposal of non-current assets held for sale	-	23,829
Others	(480)	(282)
	$ (8,881)	**30,308**

(Continued)

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

(iv) Finance costs

	2023	2022
Interest expense on bank loans	$ (6,400)	(8,284)
Interest expense on lease liabilities	(810)	(559)
	$ (7,210)	(8,843)

(x) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss －current	$ 1,730	163
Financial assets at fair value through other comprehensive income－non-current	8,655	1,434
Financial assets measured at amortized cost:		
Cash and cash equivalents	391,843	436,095
Financial assets measured at amortized cost (including current and non-current)	4,211	11,060
Notes and accounts receivable	920,711	944,003
Other receivables	5,241	29,412
Refundable deposits	20,894	18,755
	$ 1,353,285	1,440,922

2) Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss －current	$ 40	1,058
Financial liabilities measured at amortized cost:		
Short-term borrowings	134,599	229,235
Notes and accounts payable	364,024	390,605
Other payables	127,005	149,251
Lease liabilities (including current and non-current)	37,842	36,453
Long-term debt (including current portion)	50,000	100,653
	$ 713,510	907,255

(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).

	December 31, 2023				
		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	$ 459	-	459	-	459
Derivatives－foreign exchange swap	1,271	-	1,271	-	1,271
	$ 1,730	**-**	**1,730**	**-**	**1,730**
Financial liabilities at fair value through profit or loss:					
Derivatives－foreign currency forward contracts	**$ (40)**	**-**	**(40)**	**-**	**(40)**
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	**$ 8,655**	**-**	**-**	**8,655**	**8,655**

(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

3) Valuation techniques and assumptions used in fair value measurement

a) Non-derivative financial instruments

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

b) Derivative financial instruments

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

4) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the years ended December 31, 2023 and 2022.

(Continued)

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

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

Financial assets at fair value through other comprehensive income:

	December 31, 2023	December 31, 2022
Balance at January 1	$ 1,434	-
Acquisition through business combination	-	1,434
Recognized in other comprehensive income	7,221	-
Balance at December 31	**$ 8,655**	**1,434**

(y) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Group has disclosed the information on exposure to the aforementioned risks and the Group's policies and procedures to measure and manage those risks as well as the quantitative information below.

The Company's Board of Directors is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's operations.

The Group's management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Group's financial assets.

The Group maintains cash and cash equivalents with reputable financial institutions. Therefore, the exposure related to potential default by those counter-parties is not considered significant.

In order to reduce credit risk of accounts receivable, the Group has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Group continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk.

The Company believes that there is no significant concentration of credit risk due to the Company's relation to a wide range of customers.

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

(Continued)

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

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2023 and 2022, the Group had unused credit facilities of $2,704,216 and $2,621,803, respectively.

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

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings	$ 135,353	135,353	-	-	-
Long-term debt (including current portion)	52,126	1,004	975	50,147	-
Notes and accounts payable	364,024	364,024	-	-	-
Other payables	127,005	127,005	-	-	-
Lease liabilities (including current and non-current)	39,304	14,287	10,914	14,103	-
	$ 717,812	**641,673**	**11,889**	**64,250**	**-**
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	$ 128,328	128,328	-	-	-
Inflow	(128,747)	(128,747)	-	-	-
Foreign exchange swaps:					
Outflow	181,772	181,772	-	-	-
Inflow	(183,043)	(183,043)	-	-	-
	$ (1,690)	**(1,690)**	**-**	**-**	**-**
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	$ 230,468	230,468	-	-	-
Long-term debt (including current portion)	103,521	2,470	101,051	-	-
Notes and accounts payable	309,605	309,605	-	-	-
Other payables	149,251	149,251	-	-	-
Lease liabilities (including current and non-current)	37,926	11,978	7,946	18,002	-
	$ 830,771	**703,772**	**108,997**	**18,002**	**-**
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	$ 125,269	125,269	-	-	-
Inflow	(125,368)	(125,368)	-	-	-
Foreign exchange swaps:					
Inflow	207,245	207,245	-	-	-
Outflow	(206,251)	(206,251)	-	-	-
	$ 895	**895**	**-**	**-**	**-**

(Continued)

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

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

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group' s income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and bank loans that are denominated in a currency other than the respective functional currency of the Group's entities. The functional currency of the Group's entities consists mainly of New Taiwan dollar (NTD) and Chinese yuan renminbi (CNY) and the currency other than the functional currency used in these transactions consists mainly of US dollar (USD), Japanese yen (JPY) and Chinese yuan renminbi (CNY).

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

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

(Continued)

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

	December 31, 2022				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
Monetary items					
CNY	$ 47,620	4.4057	209,799	1 %	2,098
USD	5,585	30.73	171,627	1 %	1,716
JPY	35,609	0.2330	8,297	1 %	83
Financial liabilities					
Monetary items					
USD	4,467	30.73	137,271	1 %	1,373
JPY	53,467	0.2330	12,458	1 %	125

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022, the aggregate of realized and unrealized foreign exchange gains were $(2,406) and $8,174, respectively.

2) Interest rate risk

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

Please refer to the note on liquidity risk management for details on interest rate exposure of the Group's financial liabilities. The following sensitivity analysis is based on the risk exposure to non-derivative financial instruments on the reporting date. The sensitivity analysis assumes the liabilities carrying floating interest rates recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Group is based on 100 basis points (1%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the years ended December 31, 2023 and 2022 would have been $1,846 and $3,299, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

(Continued)

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

(z) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources and business plans to fund its future working capital needs, capital expenditures, repayment of debts, dividend payments, and other business requirements. The management determines the optimal capital structure by utilizing the appropriate debt-to-equity ratio to enhance long-term shareholder value on the basis of a stable capital structure.

(aa) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Non-cash changes: Effect of foreign exchange rate	Non-cash changes: Additions to lease liabilities	Non-cash changes: Disposals of lease liabilities	December 31, 2023
Short-term borrowings	$ 229,235	(92,068)	(2,568)	-	-	134,599
Long-term debt (including current portion)	100,653	(50,677)	24	-	-	50,000
Lease liabilities	36,453	(14,872)	(109)	17,546	(1,176)	37,842
Total liabilities from financing activities	**$ 366,341**	**(157,617)**	**(2,653)**	**17,546**	**(1,176)**	**222,441**

	January 1, 2022	Cash flows	Non-cash changes: Acquisition through business combination	Non-cash changes: Effect of foreign exchange rate	Non-cash changes: Additions to lease liabilities	Non-cash changes: Disposals of lease liabilities	December 31, 2022
Short-term borrowings	$ 87,723	18,221	122,161	1,130	-	-	229,235
Long-term debt (including current portion)	-	99,867	792	(6)	-	-	100,653
Lease liabilities	20,576	(15,806)	5,464	256	35,717	(9,754)	36,453
Total liabilities from financing activities	**$ 108,299**	**102,282**	**128,417**	**1,380**	**35,717**	**(9,754)**	**366,341**

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 December 31, 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

(Continued)

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

Name of related party	Relationship with the Group
Yan Ying Hao Trading (ShenZhen) Co., Ltd. ("DYTH")	Qisda's subsidiary
Qisda Optronics (Suzhou) Co., Ltd. ("QCOS")	Qisda's subsidiary
Qisda (Suzhou) Co., Ltd. ("QCSZ")	Qisda's subsidiary
Suzhou BenQ Hospital Co., Ltd. ("SMH")	Qisda's subsidiary
BenQ Material Corp. ("BMC")	Qisda's subsidiary
BenQ Corp. ("BenQ")	Qisda's subsidiary
BenQ Co., Ltd. ("BQC")	Qisda's subsidiary (Note 1)
BenQ Technology (Shanghai) Co., Ltd. ("BQls")	Qisda's subsidiary
BenQ Asia Pacific Corp. ("BQP")	Qisda's subsidiary
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
Partner Tech Corp. ("PTT")	Qisda's subsidiary
Global Intelligence Network Co., Ltd. ("Ginnet")	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
TD HiTech Energy Inc ("TDI")	DFN'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.

(Continued)

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

(c) Significant related-party transactions

(i) Revenue

	2023	2022
Ultimate controlling party	$ 10,174	43,094
Parent company	5,770	-
Other related parties	78,168	51,466
	$ 94,112	**94,560**

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

(ii) Purchases

	2023	2022
Parent company	$ 8,693	14,302
Other related parties	2,273	7,213
	$ 10,966	**21,515**

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 from related parties

Account	Related-party categories	December 31, 2023	December 31, 2022
Accounts receivable	Ultimate controlling party	$ 840	11,836
	Parent company	606	-
	Other related parties	21,253	13,273
Other receivables	Other related parties	112	-
		$ 22,811	**25,109**

(iv) Payables to related parties

Account	Related-party categories	December 31, 2023	December 31, 2022
Notes and accounts payable	Parent company	$ 131	1,684
	Other related parties	442	32
Other payables	Ultimate controlling party	199	177
	Parent company	700	700
	Other related parties	902	535
		$ 2,374	**3,128**

(Continued)

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 years ended December 31, 2023 and 2022, the related interest expense on lease liabilities amounted to $10 and $49, respectively. As of December 31, 2023 and 2022, the balances of the lease liabilities amounted to $482 and $611, respectively.

The Group leased its office to related parties. For the year ended December 31, 2023, the rental income amounted to $2,700 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

	2023	2022
Short-term employee benefits	$ 12,047	20,851
Post-employment benefits	203	203
	$ 12,250	**21,054**

8. Pledged assets

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

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Pledged time deposits (recognized in financial assets measured at amortized cost－current)	Guarantee for import VAT	$ 1,000	616
Other equipment	Long-term debt	-	199
Notes receivable	Short-term borrowings	80,904	111,803
Property, plant and equipment	Guarantee for procurement	24,146	29,979
		$ 106,050	**142,597**

(Continued)

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

9. Significant commitments and contingencies

As of December 31, 2023 and 2022, the Group had issued promissory notes amounting to $2,305,750 and $2,286,380, 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:

	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	-	337,206	337,206	4,834	331,317	336,151
Insurance	-	39,670	39,670	326	35,710	36,036
Pension	-	23,106	23,106	193	22,313	22,506
Others	-	11,026	11,026	204	12,813	13,017
Depreciation	2,819	38,574	41,393	8,482	31,729	40,211
Amortization	-	14,371	14,371	-	11,018	11,018

(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 or products and services. Each segment manages and caters to the different needs of their customers, as well as the needs of different marketing strategies, and thus, should be managed separately.

The operating segment 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:

	2023						
	Taiwan	**Mainland China**	**Sales of semiconductor equipment consumables and equipment repair services**	**Energy saving and storage**	**Others**	**Adjustments and eliminations**	**Total**
External revenue	$ 868,543	1,206,046	516,026	460,206	982	-	3,051,803
Intra-group revenue	482	71,337	4,638	-	-	(76,457)	-
Total segment revenue	**$ 869,025**	**1,277,383**	**520,664**	**460,206**	**982**	**(76,457)**	**3,051,803**
Segment profit (loss)	**$ (18,141)**	**(41,281)**	**25,376**	**36,652**	**(1,352)**	**(7,377)**	**(6,123)**

	2022						
	Taiwan	**Mainland China**	**Sales of semiconductor equipment consumables and equipment repair services**	**Energy saving and storage**	**Others**	**Adjustments and eliminations**	**Total**
External revenue	$ 1,290,262	1,504,751	548,580	349,631	69,197	-	3,762,421
Intra-group revenue	6,486	379,520	9,230	-	-	(395,236)	-
Total segment revenue	**$ 1,296,748**	**1,884,271**	**557,810**	**349,631**	**69,197**	**(395,236)**	**3,762,421**
Segment profit (loss)	**$ 113,828**	**(66,351)**	**55,287**	**32,538**	**2,667**	**(9,346)**	**128,623**

(Continued)

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

(a) Product information

Revenues from external customers are detailed below:

Products and services	2023	2022
Automation control	$ 1,287,813	1,692,653
Mechanical transmission	783,648	1,167,569
Sales of semiconductor equipment consumables and equipment repair services	516,026	548,580
Energy management products	460,206	349,631
Others	4,110	3,988
	$ 3,051,803	**3,762,421**

(b) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of business, and segment assets are based on the geographical location of the assets.

Products and services	2023	2022
Revenues from external customers are detailed below:		
Mainland China	$ 1,409,540	1,743,056
Taiwan	1,265,420	1,681,539
Europe	354,238	256,904
Others	22,605	80,922
	$ 3,051,803	**3,762,421**

Non-current assets:

Products and services	2023	2022
Mainland China	$ 288,823	298,620
Taiwan	592,129	612,880
Europe	681	2,127
Others	9,812	11,686
	$ 891,445	**925,313**

Non-current assets include property, plant and equipment, right-of-use assets, and other assets, but do not include financial instruments and deferred income tax assets.

(c) Major customer information

There was no single customer representing at least 10% of revenue in the consolidated statements of comprehensive income.

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Financing provided to other parties

For the year ended December 31, 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	354,504	195,138	151,774	0%	2	-	Operating requirement	-		-	393,775	787,550
0	The Company	Suzhou Super Pillar	Other receivables from related parties	Yes	173,212	86,728	30,355	0%	2	-	Operating requirement	-		-	393,775	787,550
1	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	22,698	21,525	21,525	0%	2	-	Operating requirement	-		-	537,147	537,147
2	Porton Inc.	Tianjin Ace Pillar	Other receivables from related parties	Yes	12,970	12,300	12,300	0%	2	-	Operating requirement	-		-	417,001	417,001

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):

For the year ended December 31, 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	December 31, 2023				Maximum percentage of ownership during 2023		Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair value	Shares	Percentage of Ownership	
STC	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income－non-current	27	Note 1	1.71%	-	27	1.71%	-
STC	Stock: COMPITEK CORP PTE LTD. (CPL)	-	Financial assets at fair value through other comprehensive income－non-current	36	8,655	6.28%	8,655	36	6.28%	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost－non-current	USD 100	3,211	-	3,211	USD 100	-	-

Note 1: The impairment loss was fully recognized.

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital

For the year ended December 31, 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	151,774	-	-		-	-

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Business relationships and significant intercompany transactions

For the year ended December 31, 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	151,774	1 year	5.13%
0	The Company	Suzhou Super Pillar	1	Other receivables－loans	30,355	1 year	1.03%
1	Advancedtek Ace	Tianjin Ace Pillar	3	Revenue	69,198	T/T 30 days	2.27%

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

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

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

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

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

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

For the year ended December 31, 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 December 31, 2023			Maximum percentage of ownership during 2023		Net Income (Loss) of the Investee	Share of Profit/ (Loss) of the Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	Cyber South	SAMOA	Investment and holding activity	107,041	107,041	4,669	100.00%	537,147	4,669	100.00%	(36,131)	(34,775)	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%	4,714	1,200	100.00%	(1,320)	(1,320)	Note 1
Cyber South	Proton	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	417,001	17,744	100.00%	(36,653)	Note 2	Note 1
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	2,595	150	100.00%	457	Note 2	Note 1
The Company	STC	Taiwan	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	187,000	187,000	6,084	60.00%	218,794	6,084	60.00%	15,044	5,746	Note 1
STC	STCBVI	B.V.I.	Investment and holding activity	21,727	21,727	600	100.00%	111,374	600	100.00%	14,578	Note 2	Note 1
The Company	AEG	Taiwan	Energy technology service	166,760	166,760	4,993	99.86%	204,487	4,993	99.86%	25,114	25,078	Note 1
AEG	BWA	Germany	Sales and service of energy management products	138,804	138,804	Note 3	100.00%	170,924	Note 3	100.00%	24,094	Note 2	Note 1

Note: Original investment amounts include capitalization of retained earnings.

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

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

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Information on investment in Mainland China
For the year ended December 31, 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 December 31, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2023		Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow				Shares	Percentage of Ownership			
Tianjin Ace Pillar	Sales of automation mechanical transmission system and component	1,085,383 (USD 35,297)	Direct and indirect investment	59,963 (USD 1,950)	-	-	59,963 (USD 1,950)	(43,543)	100.00%	Note 5	100%	(43,543)	493,717	125,533
Grace Transmission	Manufacture of automation mechanical transmission system and component	7,242 (RMB 1,670)	Indirect investment	4,920 (USD 160)	-	-	4,920 (USD 160)	2	100.00%	Note 5	100%	2 (USD 0.4)	4,099 (USD 133)	-
Advancedtek Ace	Electronic system integration	9,225 (USD 300)	Indirect investment	4,613 (USD 150)	-	-	4,613 (USD 150)	456	100.00%	Note 5	100%	456 (USD 15)	2,568 (USD 84)	-
Suzhou Super Pillar	Manufacture and technology service of automation mechanical transmission system and control products	44,588 (USD 1,450)	Indirect investment	(Note 2)	-	-	(Note 2)	1,461	100.00%	Note 5	100%	1,461 (USD 49)	107,603 (USD 3,499)	-
Shanghai STC	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	14,760 (USD 480)	Indirect investment	14,760 (USD 480)	-	-	14,760 (USD 480)	14,473	100.00%	Note 5	100%	14,473	107,939	134,972

Note 1: Total amounts of paid-in capital includes direct investment and capitalization of liabilities.
Note 2: Established by Cyber South's reinvestment.
Note 3: Investment income or loss recognized based on the financial statements audited by the auditors of the Company.
Note 4: The amounts were translated into New Taiwan dollars at the exchange rates of US$1=NT$30.75 and CNY$1=NT$4.3364.
Note 5: There were no shares as the company is a limited liability company.

2. Limits on investments in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
ACE	157,409 (USD 5,119)	157,409 (USD 5,119)	1,238,555
STC	14,760 (USD 480)	14,760 (USD 480)	113,103

Note 1: The Group' s investment in Delta Greentech (China) Co., Ltd. for USD 2,859 thousand was authorized by Investment Commission, MOEA.
In 2011, the Group sold all of its equity interest in Delta Greentech (China) Co., Ltd. which was reported to Investment Commission, MOEA on August 5, 2011 but the investment was not yet retired.
Note 2: The amounts were translated into New Taiwan dollars at the exchange rates of US$1=NT$30.75.
Note 3: Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.

3. Significant transactions with investee companies in Mainland China:
The transactions between parent and investee companies in Mainland China (the intercompany transaction) have been eliminated when preparing the consolidated financial statements.
Please refer to section " Information on significant transactions" and " Business relationships and significant intercompany transactions" for detail description.

Independent Auditors' Report

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

Opinion

We have audited the parent-company-only financial statements of Ace Pillar Co., Ltd., which comprise the parent-company-only balance sheets as of December 31, 2023 and 2022, the parent-company-only statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of Ace Pillar Co., Ltd. as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the parent-company-only financial statements for the year ended December 31, 2023 are stated as follows:

Assessment of impairment of goodwill from investments in subsidiaries

Please refer to Note 4(n) for accounting policy on impairment of non-financial assets, Note 5 for uncertainty of accounting estimations and assumptions for goodwill impairment, and Note 6(g) for related disclosures of goodwill impairment test, respectively, to the notes to the parent-company-only financial statements.

<u>Description of key audit matter:</u>

Goodwill arising from the acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using equity method, is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management' s judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

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

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investees accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 97,537	5	115,701	5
1110	Financial assets at fair value through profit or loss－current (note 6(b))	1,271	-	-	-
1150-1170	Notes and accounts receivable (notes 6(c) and (r))	249,118	11	291,431	12
1180	Accounts receivable from related parties (notes 6(c), (r) and 7)	1,616	-	6,688	-
1200	Other receivables (note 6(d))	-	-	362	-
1210	Other receivables from related parties (notes 6(d) and 7)	182,590	8	207,068	9
1300	Inventories (note 6(e))	223,257	10	272,290	11
1410-1470	Prepayments and other current assets	5,260	-	4,521	-
	Total current assets	760,649	34	898,061	37
	Non-current assets:				
1550	Investments accounted for using the equity method (notes 6(g) and 7)	1,049,321	47	1,105,368	45
1600	Property, plant and equipment (notes 6(f) and (h))	294,997	13	382,537	16
1755	Right-of-use assets (note 6(i))	22,639	1	28,054	1
1760	Investment property (note 6(j))	81,805	4	-	-
1780	Intangible assets (note 6(k))	10,398	-	10,263	-
1840	Deferred income tax assets (note 6(o))	13,074	1	8,698	-
1900	Other non-current assets	10,701	-	11,330	1
	Total non-current assets	1,482,935	66	1,546,250	63
	Total assets	$ 2,243,584	100	2,444,311	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2120	Financial liabilities at fair value through profit or loss－current (note 6(b))	$ 40	-	1,058	-
2130	Contract liabilities－current (note 6(r))	5,490	-	4,064	-
2150-2170	Notes and accounts payable	110,305	5	139,237	6
2180	Accounts payable to related parties (note 7)	131	-	1,673	-
2200	Other payables	28,584	1	38,719	2
2220	Other payables to related parties (note 7)	1,006	-	1,141	-
2230	Current income tax liabilities	1,850	-	12,864	1
2280	Lease liabilities－current (notes 6(m) and 7)	6,683	-	6,269	-
2300	Other current liabilities	7,840	1	7,239	-
	Total current liabilities	161,929	7	212,264	9
	Non-current liabilities:				
2540	Long-term debt (note 6(l))	50,000	2	100,000	4
2570	Deferred income tax liabilities (note (o))	45,711	2	61,085	2
2580	Lease liabilities－non-current (notes 6(m) and 7)	17,070	1	22,791	1
	Total non-current liabilities	112,781	5	183,876	7
	Total liabilities	274,710	12	396,140	16
	Equity (note 6(p)):				
3110	Common stock	1,122,505	50	1,122,505	46
3200	Capital surplus	312,314	14	312,233	13
3300	Retained earnings	572,289	26	649,360	26
3400	Other equity	(38,234)	(2)	(35,927)	(1)
	Total equity	1,968,874	88	2,048,171	84
	Total liabilities and equity	$ 2,243,584	100	2,444,311	100

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Comprehensive Income (Loss)

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (notes (r) and 7)**	$ 869,025	100	1,296,748	100
5000	**Operating costs (notes 6(e), (h) and 7)**	(698,502)	(80)	(1,024,809)	(79)
	Gross profit	170,523	20	271,939	21
	Operating expenses (notes 6(c), (h), (i), (j), (k), (m), (n), (s), 7 and 12):				
6100	Selling expenses	(106,478)	(13)	(119,666)	(9)
6200	Administrative expenses	(80,092)	(9)	(91,199)	(7)
6450	Gains on reversal of impairment loss	377	-	287	-
	Total operating expenses	(186,193)	(22)	(210,578)	(16)
	Operating income (loss)	(15,670)	(2)	61,361	5
	Non-operating income and loss (notes 6(f), (g), (m), (t) and 7):				
7100	Interest income	964	-	521	-
7010	Other income	4,929	1	1,223	-
7020	Other gains and losses, net	(6,521)	(1)	52,044	4
7050	Finance costs	(1,843)	-	(1,321)	-
7070	Share of losses of subsidiaries	(12,694)	(2)	(20,966)	(2)
	Total non-operating income and loss	(15,165)	(2)	31,501	2
	Income (loss) before income tax	(30,835)	(4)	92,862	7
7950	**Less: Income tax expense (note 6(o))**	9,889	1	(10,515)	(1)
	Net income (loss)	(20,946)	(3)	82,347	6
	Other comprehensive income (note 6(p)):				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	4,333	1	-	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		4,333	1	-	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	(6,640)	(1)	20,579	2
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		(6,640)	(1)	20,579	2
	Other comprehensive income (loss) for the year, net of income tax	(2,307)	-	20,579	2
8500	**Total comprehensive income (loss) for the year**	**$ (23,253)**	**(3)**	**102,926**	**8**
	Net income attributable to:				
8610	Shareholders of the Company	$ (20,946)	(3)	78,953	6
	Former owner of business combination under common control	-	-	3,394	-
		$ (20,946)	**(3)**	**82,347**	**6**
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	$ (23,253)	(3)	99,532	8
	Former owner of business combination under common control	-	-	3,394	-
		$ (23,253)	**(3)**	**102,926**	**8**
	Earnings (loss) per share (in New Taiwan dollars) (note 6(q)) :				
9750	Basic earnings (loss) per share	**$ (0.19)**		**0.70**	
9850	Diluted earnings (loss) per share	**$ (0.19)**		**0.70**	

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences	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	Total equity
Balance at January 1, 2022	$ 1,122,505	315,077	258,267	78,028	335,723	672,018	(56,506)	-	(56,506)	2,053,094	20,310	2,073,404
Net income in 2022	-	-	-	-	78,953	78,953	-	-	-	78,953	3,394	82,347
Other comprehensive income in 2022	-	-	-	-	-	-	20,579	-	20,579	20,579	-	20,579
Total comprehensive income in 2022	-	-	-	-	78,953	78,953	20,579	-	20,579	99,532	3,394	102,926
Appropriation of earnings:												
Legal reserve	-	-	14,790	-	(14,790)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(101,026)	(101,026)	-	-	-	(101,026)	-	(101,026)
Other changes in capital surplus	-	1	-	-	-	-	-	-	-	1	-	1
Difference between consideration and the carrying amount arising from acquisition or disposal of shares of subsidiaries	-	-	-	-	(585)	(585)	-	-	-	(585)	-	(585)
Organizational restructuring under common control	-	(2,856)	-	-	-	-	-	-	-	(2,856)	(23,704)	(26,560)
Changes in ownership interests in subsidiaries	-	11	-	-	-	-	-	-	-	11	-	11
Balance at December 31, 2022	1,122,505	312,233	273,057	78,028	298,275	649,360	(35,927)	-	(35,927)	2,048,171	-	2,048,171
Net income (loss) in 2023	-	-	-	-	(20,946)	(20,946)	-	-	-	(20,946)	-	(20,946)
Other comprehensive income (loss) in 2023	-	-	-	-	-	-	(6,640)	4,333	(2,307)	(2,307)	-	(2,307)
Total comprehensive income (loss) in 2023	-	-	-	-	(20,946)	(20,946)	(6,640)	4,333	(2,307)	(23,253)	-	(23,253)
Appropriation of earnings:												
Legal reserve	-	-	7,837	-	(7,837)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(56,125)	(56,125)	-	-	-	(56,125)	-	(56,125)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	81	-	-	-	-	-	-	-	81	-	81
Balance at December 31, 2023	**$ 1,122,505**	**312,314**	**280,894**	**78,028**	**213,367**	**572,289**	**(42,567)**	**4,333**	**(38,234)**	**1,968,874**	**-**	**1,968,874**

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income (loss) before income taxes	$ (30,835)	92,862
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	14,533	8,393
Amortization	4,592	3,120
Reversal of expected credit loss	(377)	(287)
Interest expense	1,843	1,321
Interest income	(964)	(521)
Share of loss of subsidiaries and associates	12,694	20,966
Gain on lease modifications	(4)	(26)
Gain on disposal of non-current assets held for sale	-	(23,829)
Total adjustments for profit or loss	32,317	9,137
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(1,271)	-
Notes and accounts receivable	42,440	170,701
Accounts receivable from related parties	5,072	7,810
Other receivables	612	58
Other receivables from related parties	(461)	-
Inventories	49,060	34,113
Prepayments and other current assets	(739)	5,693
Net changes in operating assets	94,713	218,375
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(1,018)	1,058
Notes and accounts payable	(28,932)	(174,422)
Accounts payable to related parties	(1,542)	(2,280)
Other payables	(10,199)	(13,294)
Contract liabilities	1,426	1,948
Other current liabilities	601	310
Net changes in operating liabilities	(39,664)	(186,680)
Total changes in operating assets and liabilities	55,049	31,695
Total adjustments	87,366	40,832
Cash provided by operations	56,531	133,694
Interest received	964	521
Income taxes paid	(20,875)	(26,620)
Net cash flows provided by operating activities	36,620	107,595

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Acquisition of investments accounted for using the equity method	-	(480,960)
Proceeds from disposal of investments accounted for using equity method	-	138,804
Proceeds from disposal of non-current assets held for sale	-	46,401
Acquisition of property, plant and equipment	(1,322)	(25,429)
Acquisition of intangible assets	(4,727)	(9,216)
Increase in refundable deposits	(11)	(63)
Decrease (increase) in loans to related parties	24,939	(13,308)
Decrease in other non-current assets	640	18,122
Dividends received	41,064	-
Net cash flows provided by (used in) investing activities	60,583	(325,649)
Cash flows from financing activities:		
Increase in short-term borrowings	-	190,000
Decrease in short-term borrowings	-	(190,000)
Increase in long-term debt	50,000	100,000
Repayments of long-term debt	(100,000)	-
Payment of lease liabilities	(7,391)	(2,371)
Cash dividends distributed to shareholders	(56,125)	(101,026)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	63	-
Interest paid	(1,914)	(1,221)
Net cash flows used in financing activities	(115,367)	(4,618)
Net decrease in cash and cash equivalents	(18,164)	(222,672)
Cash and cash equivalents at beginning of year	115,701	338,373
Cash and cash equivalents at end of year	$ **97,537**	**115,701**

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022

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

1. Organization and business

Ace Pillar Co., Ltd. (the "Company") was incorporated on March 31, 1984 as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 12F., No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.). The Company is primarily engaged in the tests, processing, sales, repairment and electromechanical integration of automation control and mechanical transmission system and intelligent technology service.

2. Authorization of the parent-company-only financial statements

These parent-company-only financial statements were authorized for issue by the Board of Directors on February 27, 2024.

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

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 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"

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform－Pillar Two Model Rules"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent-company-only financial statements:

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9－Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies:

The material accounting policies presented in the parent-company-only financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Company’ s accompanying parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”).

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value through profit or loss (including derivative financial instruments).

(ii) Functional and presentation currency

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

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iii) Business combination under common control

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

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

(c) Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

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

(i) It is expected to be realized, or sold or consumed in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting date; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Financial assets at fair value through profit or loss

All financial assets not classified as at amortized cost or fair value through other comprehensive income (FVOCI) as described above (e.g. financial assets held for trading and those that are managed and evaluated for performance on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

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

4) Impairment of financial assets

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

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

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the All financial assets not classified as considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Company’s historical experience and credit assessment, as well as forward-looking information.

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity transactions

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

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

(g) Inventories

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

(Continued)

(h) Non-current assets held for sale

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

(i) Investments in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company is accounted for using the equity method. Under equity method, profit or loss, and other comprehensive income recognized in parent-company-only financial statement is in line with total comprehensive income attributable to the shareholders of the Company in the consolidated financial statements. In addition, changes in equity recognized in the parent-company-only financial statements is in line with the changes in equity attributable to shareholders of the Company in the consolidated financial statements.

Changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control as accounted for within equity.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated. The estimated useful lives for property, plant and equipment are as follows: 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 and other equipment: 3 to 5 years.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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.

(k) 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.

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.

(l) Leases

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

(i) As a leasee

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

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

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

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

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

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

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

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

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

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(ii) As a leasor

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

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

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

(m) Intangible assets

The Company's intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the following estimated useful lives: acquired software: 3 to 5 years.

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

(n) Impairment of non-financial assets

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

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

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

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

(Continued)

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

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

(o) Revenue recognition

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

(i) Sale of goods

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

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

(ii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(q) Income taxes

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

The Company has determined that the global minimum top-up tax which it is required to pay under Pillar Two legislation is an income tax in the scope of IAS 12. The Companyhas applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

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

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;

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

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

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

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

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

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

1) the same taxable entity; or

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

(r) Business combinations

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

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

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

(s) Earnings per share ("EPS")

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

(t) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

The preparation of the parent-company-only financial statements requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Assessment of impairment of goodwill from investments in subsidiaries

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

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 226	235
Demand deposits and checking accounts	87,311	115,466
Time deposits with original maturities less than three months	10,000	-
	$ 97,537	**115,701**

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

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Foreign exchange swaps	**$ 1,271**	**-**
Financial liabilities at fair value through profit or loss:		
Foreign currency forward contracts	$ (40)	(64)
Foreign exchange swaps	-	(994)
	$ (40)	**(1,058)**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

(i) Foreign currency forward contracts

	December 31, 2023		
	Contract amount (in thousands)		Maturity period
USD Buy / EUR Sell	USD	310	2024/01
USD Buy / CNY Sell	USD	1,000	2024/01

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

(ii) Foreign exchange swaps

	December 31, 2023		
	Contract amount (in thousands)		Maturity period
TWD Swap in / CNY Swap out	CNY	42,000	2024/01

	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(t) for the amounts of gains (losses) recognized related to financial assets measured at fair value.

(c) Notes and accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 41,312	46,713
Accounts receivable (including related parties) measured at amortized cost	210,833	252,946
Less: loss allowance	(1,411)	(1,540)
	$ 250,734	**298,119**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. Analysis of expected credit losses on notes and accounts receivable was as follows:

	December 31, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 236,731	0%	-
Past due 1-90 days	13,997	0%	-
Past due 91-180 days	5	0%	-
Past due 181-270 days	6	0%~24.58%	5
Past due 271-365 days	69	36.57%~100%	69
Past due over 366 days	1,337	100%	1,337
	$ 252,145		**1,411**

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 278,001	0%	-
Past due 1-90 days	18,476	0%~0.47%	86
Past due 91-180 days	993	0%~11.08%	110
Past due 181-270 days	845	0%~36.57%	-
Past due over 271 days	1,344	100%	1,344
	$ 299,659		**1,540**

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

	2023	**2022**
Balance at January 1	$ 1,540	1,935
Reversal of impairment loss	(377)	(287)
Write-off	(2)	(285)
Insurance claims for accounts receivable	250	177
Balance at December 31	**$ 1,411**	**1,540**

(d) Other receivables (including related parties)

	December 31, 2023	**December 31, 2022**
Other receivables－loans to subsidiaries	$ 182,129	207,068
Others	461	362
Less: loss allowance	-	-
	$ 182,590	**207,430**

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(e) Inventories

	December 31, 2023	December 31, 2022
Merchandise inventory	$ 223,257	272,290

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

	2023	2022
Cost of inventories sold	$ 678,540	1,022,243
Write-downs of inventories	19,756	2,428
	$ 698,296	1,024,671

The write-downs of inventories arose from the write-downs of inventories to net realizable value.

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

In May 2021, the Company's Board of Directors approved a resolution to dispose 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 consideration amounted to $46,401 and the carrying amount of the property disposed amounted to $22,572, respectively, resulting in a disposal gain of $23,829.

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 amount of the assets classified as held for sale of $50,880 was reclassified to property, plant and equipment.

(g) Investments accounted for using the equity method

A summary of the Company's investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 1,049,321	1,105,368

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2023.

The Company's share of profits (losses) of investments accounted for using the equity method was as follows:

	2023	2022
Subsidiaries	$ (12,694)	(20,966)

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

1) Consideration transferred

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

2) Identifiable net assets acquired in a business combination

The fair value of identifiable assets acquired, 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**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

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

Goodwill arising from the acquisition of STC is due to the profitability, the synergies of the business combination, future market development and value of assembled workforce. None of the goodwill recognized is expected to be deductible for income tax purposes. Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

(iii) Acquisition of subsidiary－BlueWalker GmbH

1) Consideration transferred

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

2) Identifiable net assets acquired in a business combination

The fair value of identifiable assets acquired, 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－patents	12,822	
Other non-current assets	1,273	
Accounts payable	(33,314)	
Other payables (including dividends payable)	(14,545)	
Current income 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**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

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

Goodwill arising from the acquisition of BWA is due to the profitability, the synergies of the business combination, future market development and value of assembled workforce. None of the goodwill recognized is expected to be deductible for income tax purposes. Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

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

1) Consideration transferred

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

2) Identifiable net assets acquired in a business combination

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

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

The combination is an organizational restructuring 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.
Notes to the Parent-Company-Only Financial Statements

(v) Impairment test on goodwill

The excess of the cost of acquiring an investment in a subsidiary over the Company's equity interest of the net fair value of the investee's identifiable assets acquired and liabilities assumed at the date of acquisition should be recorded as goodwill, and any impairment of goodwill should be recognized as a deduction from the carrying amount of the investments accounted for using equity method. For the years ended December 31, 2023 and 2022, the carrying amount of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose were as follows:

	December 31, 2023	December 31, 2022
STC	$ 76,149	76,149
BlueWalker GmbH	22,124	22,124
	$ 98,273	**98,273**

Each CGU to which the goodwill is allocated represents the lowest level within the Company, at which the goodwill is monitored for internal management purpose. As of December 31, 2023 and 2022, based on the results of impairment tests conducted by the Company, the recoverable amount of CGUs exceeded its carrying amount; as a result, no impairment loss was recognized. The recoverable amount of a CGU was determined based on the value in use. The related key assumptions were as follows:

	December 31, 2023	December 31, 2022
STC:		
Revenue growth rate	14.68%~27.9%	5.78%~15%
Pre-tax discount rate	16.48%	22.78%

	December 31, 2023	December 31, 2022
BlueWalker GmbH:		
Revenue growth rate	2.09%~3%	1%~4%
Pre-tax discount rate	24.32%	23.77%

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

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(h) Property, plant and equipment

		Land	Buildings	Other equipment	Total
Cost:					
Balance at January 1, 2023	$	256,927	144,723	7,370	409,020
Additions		-	-	1,322	1,322
Reclassification		(63,339)	(35,882)	(27)	(99,248)
Disposals		-	-	(117)	(117)
Balance at December 31, 2023	**$**	**193,588**	**108,841**	**8,548**	**310,977**
Balance at January 1, 2022	$	219,768	102,306	3,004	325,078
Additions		-	20,963	4,466	25,429
Disposals		-	-	(100)	(100)
Reclassification from non-current assets held for sale		37,159	21,454	-	58,613
Balance at December 31, 2022	**$**	**256,927**	**144,723**	**7,370**	**409,020**
Accumulated depreciation:					
Balance at January 1, 2023	$	-	24,446	2,037	26,483
Depreciation		-	4,014	1,775	5,789
Reclassification		-	(16,175)	-	(16,175)
Disposals		-	-	(117)	(117)
Balance at December 31, 2023	**$**	**-**	**12,285**	**3,695**	**15,980**
Balance at January 1, 2022	$	-	12,505	1,308	13,813
Depreciation		-	4,208	829	5,037
Disposals		-	-	(100)	(100)
Reclassification from non-current assets held for sale		-	7,733	-	7,733
Balance at December 31, 2022	**$**	**-**	**24,446**	**2,037**	**26,483**
Carrying amounts:					
Balance at December 31, 2023	**$**	**193,588**	**96,556**	**4,853**	**294,997**
Balance at December 31, 2022	**$**	**256,927**	**120,277**	**5,333**	**382,537**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(i) Right-of-use assets

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2023	$ 30,548	1,612	32,160
Additions	755	1,980	2,735
Disposals	(899)	(2,364)	(3,263)
Balance at December 31, 2023	**$ 30,404**	**1,228**	**31,632**
Balance at January 1, 2022	$ 5,449	2,274	7,723
Additions	28,083	-	28,083
Disposals	(2,984)	(662)	(3,646)
Balance at December 31, 2022	**$ 30,548**	**1,612**	**32,160**
Accumulated depreciation:			
Balance at January 1, 2023	$ 2,628	1,478	4,106
Depreciation	6,787	716	7,503
Disposals	(899)	(1,717)	(2,616)
Balance at December 31, 2023	**$ 8,516**	**477**	**8,993**
Balance at January 1, 2022	$ 1,392	960	2,352
Depreciation	2,563	793	3,356
Disposals	(1,327)	(275)	(1,602)
Balance at December 31, 2022	**$ 2,628**	**1,478**	**4,106**
Carrying amounts:			
Balance at December 31, 2023	**$ 21,888**	**751**	**22,639**
Balance at December 31, 2022	**$ 27,920**	**134**	**28,054**

(j) Investment property

	Land	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	-	1,241	1,241
Reclassification	-	16,175	16,175
Balance at December 31, 2023	**$ -**	**17,416**	**17,416**
Carrying amount:			
Balance at December 31, 2023	**$ 63,339**	**18,466**	**81,805**
Fair value:			
Balance at December 31, 2023			**$ 169,348**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

For the year ended December 31, 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.

(k) Intangible assets

	Computer software
Cost:	
Balance at January 1, 2023	$ 14,690
Additions	4,727
Balance at December 31, 2023	**$ 19,417**
Balance at January 1, 2022	$ 5,474
Additions	9,216
Balance at December 31, 2022	**$ 14,690**
Accumulated amortization and impairment loss:	
Balance at January 1, 2023	$ 4,427
Amortization	4,592
Balance at December 31, 2023	**$ 9,019**
Balance at January 1, 2022	$ 1,307
Amortization	3,120
Balance at December 31, 2022	**$ 4,427**
Carrying amounts:	
Balance at December 31, 2023	**$ 10,398**
Balance at December 31, 2022	**$ 10,263**

(l) Long-term debt

	December 31, 2023	December 31, 2022
Unsecured bank loans	**$ 50,000**	**100,000**
Unused credit facilities	**$ 400,000**	**100,000**
Interest rate	**1.95%**	**1.72%**
Maturity year	**2026**	**2024**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(m) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	$ 6,683	6,269
Non-current	$ 17,070	22,791

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expense on lease liabilities	$ 508	190
Expenses relating to short-term leases	$ -	4,788

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

	2023	2022
Total cash outflows for leases	$ 7,899	7,349

(i) Real estate leases

The Company leases lands and buildings for its office, factory and warehouses. The leases for office, factory and warehouses typically run for a period of 3 to 5 years. For the lease of office, the Company has elected to apply exemption and not to recognize right-of-use assets and lease liabilities.

(ii) Other leases

The leases for transportation equipment typically run for a period of 2 to 3 years.

(n) Employee benefits

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

In December 31, 2023 and 2022, the Company recognized pension expenses of $5,119 and $4,940, respectively, in relation to the defined contribution plans.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(o) Income taxes

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

	2023	2022
Current income tax expense		
Current period	$ 9,707	21,665
Adjustments for prior years	(566)	138
Surtax on undistributed earnings	720	1,604
	9,861	23,407
Deferred income tax benefit		
Origination and reversal of temporary differences	(19,750)	(12,892)
Income tax expense (benefit)	**$ (9,889)**	**10,515**

In 2023 and 2022, there was no income tax recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense and income (loss) before income tax was as follows:

	2023	2022
Income (loss) before income tax	**$ (30,835)**	**92,862**
Income tax (benefit) measured using tax rates enacted	$ (6,167)	18,572
Surtax on undistributed earnings	720	1,604
Investment income recorded under equity method	(6,165)	(6,092)
Changes in unrecognized temporary differences	1,013	-
Adjustments for prior periods	(566)	138
Land transactions income exemption	-	(4,188)
Land value increment tax	-	169
Others	1,276	312
	$ (9,889)	**10,515**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

As the Company is able to control the timing of the reversal of the temporary differences associated with investments in certain subsidiaries as of December 31, 2023 and 2022, and management believes that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences are not recognized as deferred income tax liabilities.

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 9,178**	**10,191**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

2) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

	Write-downs of inventories	Others	Total
Balance at January 1, 2023	$ 3,336	5,362	8,698
Recognized in profit or loss	3,951	425	4,376
Balance at December 31, 2023	**$ 7,287**	**5,787**	**13,074**
Balance at January 1, 2022	$ 2,850	6,229	9,079
Recognized in profit or loss	486	(867)	(381)
Balance at December 31, 2022	**$ 3,336**	**5,362**	**8,698**

Deferred income tax liabilities:

	Gains from investments in subsidiaries	Others	Total
Balance at January 1, 2023	$ 61,085	-	61,085
Recognized in profit or loss	(15,916)	542	(15,374)
Balance at December 31, 2023	**$ 45,169**	**542**	**45,711**
Balance at January 1, 2022	$ 74,358	-	74,358
Recognized in profit or loss	(13,273)	-	(13,273)
Balance at December 31, 2022	**$ 61,085**	**-**	**61,085**

(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.

(p) Capital and other equity

(i) Common stock

As of December 31, 2023 and 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.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Paid-in capital in excess of par value	$ 275,225	275,225
Changes in ownership interests in subsidiaries	29	11
Employee stock options	7,354	7,354
Unclaimed dividends reclassified to capital surplus	107	107
Treasury share transactions	29,454	29,454
Others	145	82
	$ 312,314	**312,233**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside or reversed in accordance with applicable laws and regulations. The remaining balance of the annual net income, together with unappropriated earnings from previous years, if any, can be distributed as dividends after the earnings distribution plan proposed by the Board of Directors and approved during the stockholders' meeting. 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. In accordance with the Company' s Articles of Incorporation amended on August 24, 2021, the dividend distribution policy shall be based on the Company's needs for business operation and growth as well as capital budget. If the Company has annual earnings and the distributable earnings for the years achieves 2% of capital, the dividend distribution shall not be less than 10% of the distributable earnings for the year, of which of the percentage of cash dividends shall not be less than 20% of the total dividends for the year.

1) Legal reserve

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

2) Special reserve

When the Company adopted IFRSs endorsed by FSC for the first time, Company elected to use the exemption items applied to the first-time adoption the IFRSs in IFRS 1. In accordance with Rule issued by the Financial Supervisory Commission, at the date of transition to IFRSs, the accumulated translation adjustment amount of $78,330 was transferred to retained earnings and the same amount was recognized in special reserve. When the related assets were used, disposed, or reclassified, the Company should proportionally reserve the original special reserve contribution and distribute it as earnings. The aforementioned special reserve was $78,028 as of both December 31, 2023 and 2022.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

3) Earnings distribution

The 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	$ 0.5	56,125	0.9	101,026

The appropriation of 2023 earnings was resolved by the Board of Directors on February 27, 2024. The resolved appropriation of the cash dividends per share was as follows:

	2023	
	Dividends per share (in dollars)	**Amount**
Dividends per share:		
Cash dividends	$ 0.30	33,675

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only 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		(6,640)	-	(6,640)
Share of other comprehensive income of subsidiaries		-	4,333	4,333
Balance at December 31, 2023	$	**(42,567)**	**4,333**	**(38,234)**
Balance at January 1, 2022	$	(56,506)	-	(56,506)
Foreign exchange differences arising from translation of foreign operations		20,579	-	20,579
Balance at December 31, 2022	$	**(35,927)**	**-**	**(35,927)**

(q) Earnings per share ("EPS")

(i) Basic earnings per share

		2023	2022
Net income (loss) attributable to shareholders of the Company	$	**(20,946)**	**78,953**
Weighted-average number of common shares outstanding (in thousands)		**112,250**	**112,250**
Basic earnings per share (in dollars)	$	**(0.19)**	**0.70**

(ii) Diluted earnings per share

		2023	2022
Net income (loss) attributable to shareholders of the Company	$	**(20,946)**	**78,953**
Weighted-average number of common shares outstanding (in thousands)		112,250	112,250
Effect of dilutive potential common shares:			
Effect of employee remuneration in stock		-	83
Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common stock)		**112,250**	**112,333**
Diluted earnings per share (in dollars)	$	**(0.19)**	**0.70**

The Company did not calculate the effect of dilutive potential common stock on earnings per share as it incurred net loss for the year ended December 31, 2023.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Major products / services lines:			
Automation control	$	704,046	1,033,631
Mechanical transmission		161,369	259,558
Others		3,610	3,559
	$	**869,025**	**1,296,748**

(ii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$	252,145	299,659	478,278
Less: loss allowance		(1,411)	(1,540)	(1,935)
	$	**250,734**	**298,119**	**476,343**
Contract liabilities－advanced receipts	$	**5,490**	**4,064**	**2,116**

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

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 amount of revenue recognized for the years ended December 31, 2023 and 2022, which were included in the contract liabilities balance at the beginning of the period, were $2,132 and $2,116, respectively.

(s) 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.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

The Company did not accrue any remuneration to employees and directors for the year ended December 31, 2023 as it incurred a net loss in 2023. For the year ended December 31, 2022, the Company accrued its remuneration to employees amounting to $1,845, and the remuneration to directors amounting to $922. The estimated amounts mentioned above are calculated based on the income before income tax, excluding the remuneration to employees and directors of the 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 was 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.

(t) Non-operating income and loss

(i) Interest income

	2023	2022
Bank deposits	$ 884	242
Others	80	279
	$ 964	**521**

(ii) Other income

	2023	2022
Miscellaneous income	**$ 4,929**	**1,223**

(iii) Other gains and losses

	2023	2022
Foreign currency exchange gains (losses), net	$ (3,318)	27,867
Gains (losses) on financial instruments at fair value through profit or loss	(2,846)	481
Gains on disposal of non-current assets held for sale	-	23,829
Others	(357)	(133)
	$ (6,521)	**52,044**

(iv) Finance costs

	2023	2022
Interest expense on bank loans	$ (1,335)	(1,131)
Interest expense on lease liabilities	(508)	(190)
	$ (1,843)	**(1,321)**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(u) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss －current	$ 1,271	-
Financial assets measured at amortized cost:		
Cash and cash equivalents	97,537	115,701
Notes and accounts receivable (including related parties)	250,734	298,119
Other receivables (including related parties)	182,590	207,430
Refundable deposits (recognized in non-current assets)	10,682	10,671
	$ 542,814	**631,921**

2) Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss －current	$ 40	1,058
Financial liabilities measured at amortized cost:		
Notes and accounts payable (including related parties)	110,436	140,910
Other payables (including related parties)	29,590	39,860
Lease liabilities (including current and non-current)	23,753	29,060
Long-term debt	50,000	100,000
	$ 213,819	**310,888**

(ii) Fair value information － financial instruments not measured at fair value

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

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iii) Fair value information — financial instruments measured at fair value

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

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

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

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

	December 31, 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	$ 1,271	-	1,271	-	1,271
Financial liabilities at fair value through profit or loss:					
Derivatives－foreign currency forward contracts	$ (40)	-	(40)	-	(40)

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:					
Derivatives－foreign currency forward contracts	$ (64)	-	(64)	-	(64)
Derivatives－foreign exchange swaps	(994)	-	(994)	-	(994)
	$ (1,058)	-	(1,058)	-	(1,058)

(iv) Valuation techniques and assumptions used in fair value measurement

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

(Continued)

(v) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the years ended December 31, 2023 and 2022

(v) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Company has disclosed the information on exposure to the aforementioned risks and the Company's policies and procedures to measure and manage those risks as well as the quantitative information below.

The Company's Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operations.

The Company's management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Company's financial assets.

The Company maintains cash and cash equivalents with reputable financial institutions. Therefore, the exposure related to potential default by those counter-parties is not considered significant.

In order to reduce credit risk of accounts receivable, the Company has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Company continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk.

The Company believes that there is no significant concentration of credit risk due to the Company's relation to a wide range of customers and large geographical regions.

Please refer to note 6(c) for credit risk exposure of accounts receivable. Other financial assets amortized at cost includes other receivables and refundable deposits (included in other financial assets－non-current). The abovementioned financial assets are considered low-credit risk financial assets; therefore, the loss allowances are measured using 12 months ECL. Please refer to note 6(d) for ECL assessment.

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Company manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2023 and 2022, the Company had unused credit facilities of $2,053,750 and $2,084,380, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2023					
Non-derivative financial liabilities:					
Notes and accounts payable (including related parties)	$ 110,436	110,436	-	-	-
Other payables (including related parties)	29,590	29,590	-	-	-
Lease liabilities	24,568	7,054	5,944	11,570	-
Long-term debt	52,126	1,004	975	50,147	-
	$ 216,720	**148,084**	**6,919**	**61,717**	**-**
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	$ 41,388	41,388	-	-	-
Inflow	(41,348)	(41,348)	-	-	-
Foreign exchange swaps:					
Outflow	181,772	181,772	-	-	-
Inflow	(183,043)	(183,043)	-	-	-
	$ (1,231)	**(1,231)**	**-**	**-**	**-**
December 31, 2022					
Non-derivative financial liabilities:					
Notes and accounts payable (including related parties)	$ 140,910	140,910	-	-	-
Other payables (including related parties)	39,860	39,860	-	-	-
Lease liabilities	30,322	6,733	6,216	17,373	-
Long-term debt	102,871	1,820	101,051	-	-
	$ 313,963	**189,323**	**107,267**	**17,373**	**-**
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	$ 54,374	54,374	-	-	-
Inflow	(54,310)	(54,310)	-	-	-
Foreign exchange swaps:					
Outflow	207,245	207,245	-	-	-
Inflow	(206,251)	(206,251)	-	-	-
	$ 1,058	**1,058**	**-**	**-**	**-**

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

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company' s income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Company. The functional currency of the Company consists mainly of New Taiwan dollar (NTD) and the currency other than the functional currency used in these transactions consists mainly of US dollar (USD), Japanese yen (JPY) and Chinese yuan renminbi (CNY).

At the reporting date, the carrying amounts of the Company's significant monetary assets and liabilities denominated in a currency, other than the respective functional currencies of the Company, were as follows:

	December 31, 2023				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
USD	$ 348	30.75	10,701	1 %	107
JPY	9,261	0.2175	2,014	1 %	20
CNY	42,001	4.3364	182,133	1 %	1,821
Financial liabilities					
USD	84	30.75	2,583	1 %	26
JPY	2,191	0.2175	477	1 %	5

	December 31, 2022				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
USD	$ 422	30.73	12,968	1 %	130
JPY	9,261	0.2330	2,158	1 %	22
CNY	47,001	4.4057	207,072	1 %	2,071
Financial liabilities					
USD	356	30.73	10,940	1 %	109
JPY	16,681	0.2330	3,887	1 %	39

As the Company deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gain (loss) for the years ended December 31, 2023 and 2022 were $(3,318) and $27,867, respectively.

(Continued)

ACE PILLAR CO., LTD.

Notes to the Parent-Company-Only Financial Statements

2) Interest rate risk

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

Please refer to the note on liquidity risk management for details on interest rate exposure of the Company's financial liabilities. The following sensitivity analysis is based on the risk exposure to non-derivative financial instruments on the reporting date. The sensitivity analysis assumes the liabilities carrying floating interest rates recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Company is based on 100 basis points (1%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the year ended December 31, 2023 and 2022 would have been $500 and $1,000, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

(w) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources and business plans to fund its future working capital needs, capital expenditures, repayment of debts, dividend payments, and other business requirements. The management determines the optimal capital structure by utilizing the appropriate debt-to-equity ratio to enhance long-term shareholder value on the basis of a stable capital structure.

(x) 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**	**Additions to lease liabilities**	**Disposals of lease liabilities**	**December 31, 2023**
Long-term debt	$ 100,000	(50,000)	-	-	50,000
Lease liabilities	29,060	(7,391)	2,735	(651)	23,753
Total liabilities from financing activities	**$ 129,060**	**(57,391)**	**2,735**	**(651)**	**73,753**

			Non-cash changes		
	January 1, 2022	**Cash flows**	**Additions to lease liabilities**	**Disposals of lease liabilities**	**December 31, 2022**
Long-term debt	$ -	100,000	-	-	100,000
Lease liabilities	5,418	(2,371)	28,083	(2,070)	29,060
Total liabilities from financing activities	**$ 5,418**	**97,629**	**28,083**	**(2,070)**	**129,060**

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

7. Related-party transactions

(a) Parent company and ultimate controlling party

DFI Inc. ("DFI") is the parent company of the Company and owns 48.06% of the outstanding shares of the Company as of December 31, 2023 and 2022. Qisda Corporation ("Qisda") is the ultimate controlling party of the Company. DFI and Qisda have issued the consolidated financial statements for public use.

(b) Name and relationship with related parties

The following are entities that have had transactions with the Company during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Company
Qisda Corporation ("Qisda")	The Company's ultimate controlling party
DFI Inc. ("DFI")	The Company's parent company
Cyber South Management Ltd. ("Cyber")	The Company's subsidiary
Hong Kong Ace Pillar Enterprise Limited. ("Hong Kong Ace Pillar")	The Company's subsidiary
Tianjin Ace Pillar Co., Ltd. ("Tianjin Ace Pillar")	The Company's subsidiary
Suzhou Super Pillar Automation Equipment Co., Ltd. ("Suzhou Super Pillar")	The Company's subsidiary
Proton Inc. ("Proton")	The Company's subsidiary
Ace Tek (HK) Holding Co., Ltd. ("Ace Tek")	The Company's subsidiary
Grace Transmission (Tianjin) Co., Ltd. ("Grace Transmission")	The Company's subsidiary
Advancedtek Ace (TJ) Inc. ("Advancedtek Ace")	The Company's subsidiary
Xuchang Ace AI Equipment Co., Ltd. ("Xuchang Ace")	The Company's subsidiary (Note 1)
ACE Energy Co., Ltd. (formerly BenQ ESCO Corp.) ("AEG")	The Company's subsidiary
Standard Technology Corp. ("STC")	The Company's subsidiary
Standard International Trading (Shanghai) Co., Ltd. ("Shanghai STC")	The Company's subsidiary
Standard Technology Corp.("STCBVI")	The Company's subsidiary
BlueWalker GmbH ("BWA")	The Company's subsidiary
BenQ Material Corp. ("BMC")	Qisda's subsidiary
BenQ Asia Pacific Corp. ("BQP")	Qisda's subsidiary
Metaguru Corporation ("MRU") (formerly BenQ GURU Corp.)	Qisda's subsidiary
AdvancedTEK International Corp. ("AdvancedTEK")	Qisda's subsidiary
MetaAge Corporation ("MetaAge")	Qisda's subsidiary
Global Intelligence Network Co., Ltd. ("Ginnet")	Qisda's subsidiary
Concord Medical Co., Ltd. ("Concord")	Qisda's subsidiary
Darly Venture Inc. ("APV")	Qisda's subsidiary

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
Darly2 Venture Co., Ltd. (“Darly 2”)	Qisda’s subsidiary
Darly Consulting Corporation (“Darly C”)	Qisda’s subsidiary
BenQ AB DentCare Corporation (“BABD”)	Qisda’s subsidiary
BenQ Corp. (“BenQ”)	Qisda’s subsidiary
TD HiTech Energy Inc (“TDI”)	DFN’s subsidiary
AU Optronics Corp. (“AU”)	A corporate director of Qisda that accounted its investment in Qisda using the equity method.
AUO Crystal Corp. (“ACTW”)	AU’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: Xuchang Ace was liquidated in June 2022.

(c) Significant related-party transactions

(i) Revenue

	2023	2022
Ultimate controlling party	$ 2,723	5,977
Subsidiaries	482	6,486
Other related parties	6,562	4,829
	$ 9,767	**17,292**

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

(ii) Purchases

	2023	2022
Parent company	$ 8,693	10,596
Subsidiaries	21	9
Other related parties	215	1,061
	$ 8,929	**11,666**

There are no significant differences between the purchase prices for related parties and those for third-party vendors. The payment terms of 1～2 months show no significant difference between related parties and third-party vendors.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iii) Loans to related parties

Information of actual drawdown amounts of no-interest financing provided to related parties, classified as other receivables from related parties, was as follows:

	December 31, 2023	December 31, 2022
Subsidiary－Tianjin Ace Pillar	$ 151,774	176,228
Subsidiary－Suzhou Super Pillar	30,355	30,840
	$ 182,129	207,068

(iv) Receivables from related parties

Account	Related-party categories	December 31, 2023	December 31, 2022
Accounts receivable	Ultimate controlling party	$ 29	4,808
	Subsidiaries	89	1,073
	Other related parties	1,498	807
Other receivables	Subsidiaries	182,479	207,068
	Other related parties	111	-
		$ 184,206	213,756

(v) Payables to related parties

Account	Related-party categories	December 31, 2023	December 31, 2022
Accounts payable	Parent company	$ 131	1,646
	Subsidiaries	-	27
Other payables	Ultimate controlling party	100	100
	Parent company	700	700
	Other related parties	206	341
		$ 1,137	2,814

(vi) Lease

The Company leased office from Qisda and the rent is paid monthly with reference to the nearby office rental rates. For the years ended December 31, 2023 and 2022, the related interest expense on lease liabilities amounted to $10 and $5, respectively. As of December 31, 2023 and 2022, the balance of the lease liabilities amounted to $482 and $611, respectively.

The Group leased its office to related parties. For the year ended December 31, 2023, the rental income amounted to $2,700 and was recognized in other income.

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(vii) Acquisition of investments accounted for using the equity method

The details of share of investments accounted for using equity method acquired from related parties of subsidiary (AEG) were as follows:

Account	Related-party categories	2023
Investments accounted for using the equity method	Other related party－APV	$ 13,120
	Other related party－Darly 2	5,760
	Other related party－Darly C	7,680
	Other related party－AU	5,440
		$ 32,000

(viii) Disposal of investments accounted for using the equity method

In December 2022, the Company sold 100% equity ownership of BWA to its subsidiary, AEG, for a consideration of $138,804 which was fully received.

(ix) Others

In 2023, the Company recognized the remuneration amounting to $1,167 received for corporate directors of its subsidiaries in other income. As of December 31, 2023, the related outstanding payables were included in other receivables.

(d) Compensation for key management personnel

	2023	2022
Short-term employee benefits	12,047	20,851
Post-employment benefits	203	203
	$ 12,250	**21,054**

8. Pledged assets: None

9. Significant commitments and contingencies

As of December 31, 2023 and 2022, the Company had issued promissory notes amounting to $2,103,750 $2,084,380, respectively, as collateral for obtaining credit facilities from financial institutions.

10. Significant losses due to major disasters: None

11. Significant subsequent events: None

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

12. Others:

Employee benefits, depreciation, and amortization (recognized in operating expense) categorized by function were as follows:

	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	-	106,080	106,080	-	121,422	121,422
Insurance	-	10,280	10,280	-	10,241	10,241
Pension	-	5,119	5,119	-	4,940	4,940
Remuneration to directors	-	4,980	4,980	-	6,037	6,037
Others	-	5,025	5,025	-	5,520	5,520
Depreciation	206	14,327	14,533	138	8,255	8,393
Amortization	-	4,592	4,592	-	3,120	3,120

Additional information related to the number of employees and employee benefits of 2023 and 2022, was as follows:

	2023	2022
The number of employees	123	123
The number of non-employee directors	7	7
Average employee benefits	$ 1,091	1,225
Average employee salaries	$ 914	1,047
Average employee salaries decreased by	(12.70)%	(7.59)%
Supervisors' remuneration	$ -	-

The Company' s salary and remuneration policies (including directors, managers and employees) were as follows:

(a) Directors:

(i) The remuneration to directors is made quarterly based on the days of duty of each director and is calculated based on different ratios if a director takes up different positions, such as the chairman, an audit committee convener, a member of the audit committee or remuneration committee.

(ii) The payout for the remuneration to directors is calculated based on the days of duty of each director in accordance with the Company' s articles of incorporation approved by the Board of Directors.

The payment base is determined according to the Company' s condition and scale of current operations, with reference to the industry levels, wherein the amendments to the payment base will be approved by the Board of Directors.

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(b) Managers:

(i) Fixed salary for 12 months

(ii) Variable payouts related to employee remuneration and bonus are based on individual performance.

(iii) Other benefits including premium physical check-up program, official vehicles, fuel allowance and parking space.

(c) Employees:

Employee remuneration is based on their salaries, meal allowances, as well as year-end and quarterly bonus, taking into account their individual performance evaluation.

13. Additional disclosures:

(a) Information on significant transactions:

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

(ii) Guarantee and endorsement provided to other parties: 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)

(Continued)

ACE PILLAR CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(b) Information on investees: Table 4 (attached)

(c) Information on investment in Mainland China: Table 5 (attached)

(d) Major shareholders:

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

14. Segment information

Please refer to the consolidated financial statements for the years ended December 31, 2023.

ACE PILLAR CO., LTD.

Financing provided to other parties

For the year ended December 31, 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	354,504	195,138	151,774	0%	2	-	Operating requirement	-		-	393,775	787,550
0	The Company	Suzhou Super Pillar	Other receivables from related parties	Yes	173,212	86,728	30,355	0%	2	-	Operating requirement	-		-	393,775	787,550
1	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	22,698	21,525	21,525	0%	2	-	Operating requirement	-		-	537,147	537,147
2	Porton Inc.	Tianjin Ace Pillar	Other receivables from related parties	Yes	12,970	12,300	12,300	0%	2	-	Operating requirement	-		-	417,001	417,001

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

ACE PILLAR CO., LTD.

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

For the year ended December 31, 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	December 31, 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	8,655	6.28%	8,655	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost－non-current	USD 100	3,211	-	3,211	-

Note 1: The impairment loss was fully recognized.

ACE PILLAR CO., LTD.

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

For the year ended December 31, 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	151,774	-	-		-	-

ACE PILLAR CO., LTD.

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

For the year ended December 31, 2023

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

Table 4

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note)		Balances as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit/ (Losses) of the Investee	Note
				December 31, 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%	537,147	(36,131)	(34,775)	
The Company	Hong Kong Ace Pillar	Hong Kong	Sales of automation mechanical transmission system and component	5,120	5,120	1,200	100.00%	4,714	(1,320)	(1,320)	
Cyber South	Proton Inc.	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	417,001	(36,653)	Note 1	
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	2,595	457	Note 1	
The Company	STC	Taiwan	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	187,000	187,000	6,084	60.00%	218,794	15,044	5,746	
STC	STCBVI	B.V.I.	Investment and holding activity	21,727	21,727	600	100.00%	111,374	14,578	Note 1	
The Company	AEG	Taiwan	Energy technology service	166,760	166,760	4,993	99.86%	204,487	25,114	25,078	
AEG	BWA	Germany	Sales and service of energy management products	138,804	138,804	Note 2	100.00%	170,924	24,094	Note 1	

Note: Original investment amounts include capitalization of retained earnings

Note 1: The share of profit or losses of the investee company is not disclosed herein as such amount is already included in the share of profit or losses of the investor company.

Note 2: There were no shares as the company is a limited liability company.

ACE PILLAR CO., LTD.
Information on investment in Mainland China
For the year ended December 31, 2023
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 5

1. Information on investments in Mainland China:

Name of Investee	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Tianjin Ace Pillar	Sales of automation mechanical transmission system and component	1,085,383 (USD 35,297)	Direct and indirect investment	59,963 (USD 1,950)	-	-	59,963 (USD 1,950)	(43,543)	100.00%	(43,543)	493,717	125,533
Grace Transmission	Manufacture of automation mechanical transmission system and component	7,242 (RMB 1,670)	Indirect investment	4,920 (USD 160)	-	-	4,920 (USD 160)	2	100.00%	2 (USD 0.4)	4,099 (USD 133)	-
Advancedtek Ace	Electronic system integration	9,225 (USD 300)	Indirect investment	4,613 (USD 150)	-	-	4,613 (USD 150)	456	100.00%	456 (USD 15)	2,568 (USD 84)	-
Suzhou Super Pillar	Manufacture and technology service of automation mechanical transmission system and control products	44,588 (USD 1,450)	Indirect investment	(Note 2)	-	-	(Note 2)	1,461	100.00%	1,461 (USD 49)	107,603 (USD 3,499)	-
Shanghai STC	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	14,760 (USD 480)	Indirect investment	14,760 (USD 480)	-	-	14,760 (USD 480)	14,473	100.00%	14,473	107,939	134,972

Note 1: Total amounts of paid-in capital includes direct investment and capitalization of liabilities.
Note 2: Established by Cyber South's reinvestment.
Note 3: Investment income or loss recognized based on the financial statements audited by the auditors of the Company.
Note 4: The amounts were translated into New Taiwan dollars at the exchange rates of US$1=NT$30.75 and CNY$1=NT$4.3364.

2. Limits on investments in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
ACE	157,409 (USD 5,119)	157,409 (USD 5,119)	1,238,555
STC	14,760 (USD 480)	14,760 (USD 480)	113,103

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 In 2011, the Group sold all of its equity interest in Delta Greentech (China) Co., Ltd. which was reported to Investment Commission, MOEA on August 5, 2011 but the investment was not yet retired.
Note 2: The amounts were translated into New Taiwan dollars at the exchange rates of US$1=NT$30.75.
Note 3: Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.

3. Significant transactions with investee companies in Mainland China:
The transactions between parent and investee companies in Mainland China (the intercompany transaction) have been eliminated when preparing the consolidated financial statements.
Please refer to section " Information on significant transactions" or detail description.

Ace Pillar Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description		Amount
Cash on hand			$ 226
Demand deposits and checking accounts			74,879
Foreign currency deposits	USD: $338 thousand	Exchange rate: 30.75	
	JPY: $9,257 thousand	Exchange rate: 0.2175	
	CNY: $1 thousand	Exchange rate: 4.3364	
	HKD: $1 thousand	Exchange rate: 3.9363	12,432
Time deposits			10,000
			$ 97,537

(Continued)

Ace Pillar Co., Ltd.

Statement of Notes and Accounts Receivable

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Client Name	Amount
Customer A	$ 10,911
Customer B	10,088
Customer C	10,045
Others (Note)	219,485
	250,529
Less: loss allowance	(1,411)
	$ 249,118

Note: The amount of each item in others did not exceed 5% of the account balance.

Statement of Inventories

Item	Description	Amount: Carrying Amount	Amount: Net realizable Value	Note
Merchandise inventory	Automation control, mechanical transmission system, intelligent technology service and others	**$ 223,257**	**291,492**	Net realizable value

(Continued)

Ace Pillar Co., Ltd.

Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars / Shares)

Name of Investee	Balance at January 1, 2023 Shares	Balance at January 1, 2023 Amount	Addition (Note 3) Shares	Addition (Note 3) Amount	Decrease (Note 1) Shares	Decrease (Note 1) Amount	Investment Income (Loss)	Other adjustments (Note 2)	Balance at December 31, 2023 Shares	Balance at December 31, 2023 Percentage of Ownership	Balance at December 31, 2023 Amount	Net Assets Value Unite Price (in dollars)	Net Assets Value Total Amount	Collateral
Investments accounted for using equity method:														
Tianjin Ace Pillar	Note	$ 92,941	-	-	-	-	(7,423)	(1,339)	Note	17.05 %	84,179	-	84,179	-
Cyber South	4,669	580,218	-	-	-	-	(34,775)	(8,296)	4,669	100.00 %	537,147	-	537,147	-
Hong Kong Ace Pillar	1,200	47,336	-	-	-	(41,064)	(1,320)	(238)	1,200	100.00 %	4,714	-	4,714	-
STC	4,680	209,788	1,404	-	-	-	5,746	3,260	6,084	60.00 %	218,794	-	218,794	-
AEG	4,993	175,085	-	-	-	-	25,078	4,324	4,993	99.86 %	204,487	-	204,487	-
		$ 1,105,368		**-**		**(41,064)**	**(12,694)**	**(2,289)**			**1,049,321**		**1,049,321**	

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

Note 1: Decrease arose from cash dividends from the investee.

Note 2: Other adjustments

Foreign currency translation differences	$	(6,640)
Changes in capital surplus		18
Unrealized gain from investments in equity instruments measured at FVOCI		4,333
	$	**(2,289)**

Note 3: Shares addition arose from investee's capitalization of retained earnings.

(Continued)

Ace Pillar Co., Ltd.

Statement of Other Non-current Assets

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Refundable deposits	$ 10,682
Others	19
	$ 10,701

Statement of Notes and Accounts Payable

Vendor Name	Description	Amount
Vendor A		$ 71,121
Vendor B		11,914
Vendor C		7,750
Others (Note)		19,520
		$ 110,305

Note: The amount of each item in others did not exceed 5% of the account balance.

(Continued)

Ace Pillar Co., Ltd.

Statement of Other Payables

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Salaries and bonus payables		$ 19,613
Others (Note)		8,971
		$ 28,584

Note: The amount of each item in others did not exceed 5% of the account balance.

Statement of Lease Liabilities

Item	Description	Lease Term	Discount Rate	Ending Balance
Buildings	Office, factory and warehouses	2021/09/01~2027/11/30	1.6%~2.46%	$ 22,993
Transportation equipment		2023/03/01~2025/03/31	3%	760
Less: current portion of lease liabilities				(6,683)
				$ 17,070

(Continued)

Ace Pillar Co., Ltd.

Statement of Long-term Debt

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Creditor	Description	Loan Amount	Contract Period	Interest Rate	Collateral
Mega Bank	3 years syndicated loan	$ 50,000	2023/02~2026/02	1.950%	-

Statement of Operating Cost

Item	Amount
Finished goods, beginning of year	$ 288,969
Add: Purchase of finished good	649,483
Less: Raw materials, end of year	(259,691)
Transferred to other expenses	(221)
Write-down of inventories	19,756
Lease cost	206
Operating cost	**$ 698,502**

(Continued)

Ace Pillar Co., Ltd.

Statement of Operating Expenses

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Selling Expenses	Administrative Expenses
Salaries (including pension)	$ 77,483	42,197
Insurance	8,980	4,260
Depreciation	4,122	10,205
Amortization	321	4,271
Professional service expense	411	11,961
Others (Note)	14,784	7,198
	$ 106,101	**80,092**

Note: The amount of each item in others did not exceed 5% of the account balance.

For details on statements of Accounts Receivable from Related Parties, Accounts Payable to Related Parties, Other Receivables from Related Parties and Other Payables to Related Parties, please refer to note 7.

For details on statement of Changes in Property, Plant and Equipment, please refer to note 6(h).

For details on statement of Changes in Right-of-Use Assets, please refer to note 6(i).

For details on statement of Changes in Investment Property, please refer to note 6(j).

For details on statement of changes Intangible Assets, please refer to note 6(k).

For details on statement of Deferred Tax Assets and Liabilities, please refer to note 6(o).

For details on statement of Operating Revenue, please refer to note 6(r).

For details on statement of Interest Income, please refer to note 6(t).

For details on statement of Other Income, please refer to note 6(t).

For details on statement of Other Gains and Losses, please refer to note 6(t).

For details on statement of Finance Costs, please refer to note 6(t).