

Stock Code:8374

ACE PILLAR CO., LTD.

**2024 Annual General Shareholders'
Meeting Handbook
(Translation)**

Date of the Meeting : May 28, 2024

Place of the Meeting : 25F., No. 558, Zhongyuan Rd., Xinzhuang
Dist., New Taipei City, Taiwan(R.O.C.)

ACE PILLAR CO., LTD.
2024 Annual General Shareholders' Meeting

Time : 9:00 a.m., May 28, 2024

Place : 25F, No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan(R.O.C.)

Type of Meeting : Physical Meeting

Agenda

I. Report Items

- | | |
|--|---|
| 1. To report the business of 2023..... | 1 |
| 2. Audit Committee's review report..... | 4 |
| 3. To report the cash dividends distribution of 2023 earnings..... | 4 |

II. Recognition and Discussion Items

- | | |
|--|---|
| 1. To accept 2023 Business Report and Financial Statements..... | 5 |
| 2. To accept the proposal for the distribution of 2023 earnings..... | 5 |
| 3. To lift non-competition restrictions on current directors and their representatives.. | 6 |

III. Extraordinary Motions..... 6

IV. Meeting Adjourn..... 6

Attachments

- | | |
|---|----|
| 1. Independent Auditors' Report and 2023 Financial Statements..... | 7 |
| 2. List of non-competition restrictions on current directors and their representatives proposed to be lifted..... | 23 |

Appendices

- | | |
|--|----|
| 1. Articles of Incorporation..... | 24 |
| 2. Rules of Procedure for Shareholders' Meeting..... | 29 |
| 3. Shareholding of Directors..... | 35 |

I. Report Items

(I) 2023 Annual Business Report

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 ($\geq 5\text{KVA}$) 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

2. 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

3. To report the cash dividends distribution of 2023 earnings

- (1) According to Article 22-1 of the Company's Article of Incorporation, if earnings distribution plan is performed by means of cash dividends, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.
- (2) The proposed distribution is allocated from the 2023 earnings available for distribution, and cash dividends amounting to NT\$33,675,146 were distributed to shareholders at NT\$0.3 per share. It is approved by the meeting of board of directors held on February 27, 2024, and proposed that the Chairman of the Board of Directors is authorized to determine the ex-dividend date and payment date for the cash dividend distribution and other related matters.
- (3) If the cash dividend distribution ratio is adjusted and need to be modified due to change of the Company's total number of outstanding common shares, it is proposed to authorize the Chairman of Board of Directors with full power to adjust the distribution ratio.

II. Recognition and Discussion Items

I. To accept 2023 Business Report and Financial Statements (proposed by the Board of Directors)

Explanation:

- (1) The 2023 financial statements of the Company were audited by accountants Chang, Huei-Chen and Chen, Mei-Yen of KPMG, along with the 2023 business report have been approved by the Board of Directors and examined the Audit Committee.
- (2) For the 2023 Business Report, Independent Auditors' Report, and the Financial Statements, please refer to Attachment I (pages 7-22)

Resolution:

2. To accept the proposal for the distribution of 2023 earnings (proposed by the Board of Directors)

Explanation:

The 2023 Earnings Distribution Proposal is as follows:

ACE PILLAR CO., LTD.
The 2023 Earnings Distribution Proposal

	Unit: NT\$
Net loss of 2023	(20,946,022)
Less: Provisioned as Legal reserve	-
Provisioned as Special reserve	-
Retained earnings available for distribution in 2023	(20,946,022)
Add: Unappropriated retained earnings from previous years	234,312,928
Retained earnings available for distribution as of December 31, 2023	213,366,906
Distributable Items	
Cash Dividend (NT\$300 for every 1,000 common shares)	(33,675,146)
Unappropriated retained earnings after earnings distribution	179,691,760

Note: Cash dividends are distributed based on shareholders' shareholding ratio recorded on the members' register on the ex-dividend date (round up to the dollar). The sum of fractional amount rounded shall be accounted as other income of the Company.

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

Resolution:

3. To lift non-competition restrictions on current directors and their representatives. (proposed by the Board of Directors)

Explanation:

- (1) According to Article 209 of the Company Act, any Director conducting business for himself/herself/itself or on another's behalf, the scope of which business is within the scope of the Company's business, shall explain at the Shareholders' Meeting the essential contents of such conduct, and obtain approval from shareholders in the Meeting.
- (2) It is proposed for the 2023 annual shareholders meeting to approve lifting non-competition restrictions on directors as who may invest or operate a business which is similar to the business scope of the Company.
- (3) The list of non-competition restrictions proposed to be lifted by the Company on each Director is attached hereto as Attachment 2 (page 23).

Resolution:

III. Extraordinary Motions

IV. Meeting Adjourn

Attachment I: Independent Auditors' Report and 2023 Financial Statements

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)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 391,843	13	436,095	13	2100	Short-term borrowings (notes 6(n) and 8)	\$ 134,599	5	229,235	7
1110	Financial assets at fair value through profit or loss – current (note 6(b))	1,730	-	163	-	2123	Financial liabilities at fair value through profit or loss – current (note 6(b))	40	-	1,058	-
1136	Financial assets at amortized cost – current (notes 6(d) and 8)	1,000	-	7,848	-	2130	Contract liabilities – current (note 6(u))	44,252	2	108,161	3
1140	Contract assets – current (note 6(u))	812	-	-	-	2150-2170	Notes and accounts payable (note 7)	364,024	12	390,605	12
1150-1170	Notes and accounts receivable (notes 6(e), (u), 7 and 8)	920,711	31	944,003	28	2200	Other payables (note 7)	127,005	4	149,251	5
1200	Other receivables (notes 6(f) and 7)	5,241	-	29,412	1	2230	Current income tax liabilities	39,331	1	55,065	2
130X	Inventories (note 6(g))	668,897	23	896,923	27	2280	Lease liabilities – current (notes 6(p) and 7)	13,500	-	11,367	-
1410-1470	Prepayments and other current assets	28,155	1	45,243	2	2300	Other current liabilities	11,985	-	10,140	-
	Total current assets	<u>2,018,389</u>	<u>68</u>	<u>2,359,687</u>	<u>71</u>	2320	Current portion of long-term debt (notes 6(o) and 8)	-	-	653	-
Non-current assets:						Total current liabilities		<u>734,736</u>	<u>24</u>	<u>955,535</u>	<u>29</u>
1517	Financial assets at fair value through other comprehensive income – non-current (note 6(c))	8,655	-	1,434	-	2540	Non-current liabilities:				
1535	Financial assets at amortized cost – non-current (note 6(d))	3,211	-	3,212	-	2570	Long-term debt (notes 6(o) and 8)	50,000	2	100,000	3
1600	Property, plant and equipment (notes 6(h), (j) and 8)	560,875	19	666,613	20	2580	Deferred income tax liabilities (note 6(r))	82,696	3	100,136	3
1755	Right-of-use assets (note 6(k))	53,443	2	52,312	2		Lease liabilities – non-current (notes 6(p) and 7)	24,342	1	25,086	1
1760	Investment property, net (note 6(l))	81,805	3	-	-	Total non-current liabilities		<u>157,038</u>	<u>6</u>	<u>225,222</u>	<u>7</u>
1780	Intangible assets (note 6(m))	187,721	6	196,471	6	Total liabilities		<u>891,774</u>	<u>30</u>	<u>1,180,757</u>	<u>36</u>
1840	Deferred income tax assets (note 6(r))	13,438	1	9,865	-	Equity attributable to shareholders of the Company (notes 6(i) and (s)):					
1920	Refundable deposits	20,894	1	18,755	1	3110	Common stock	1,122,505	38	1,122,505	34
1990	Other non-current assets	7,601	-	9,917	-	3200	Capital surplus	312,314	11	312,233	9
	Total non-current assets	<u>937,643</u>	<u>32</u>	<u>958,579</u>	<u>29</u>	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		<u>1,968,874</u>	<u>67</u>	<u>2,048,171</u>	<u>62</u>
						36XX	Non-controlling interests (note 6(i))	95,384	3	89,338	2
						Total equity		<u>2,064,258</u>	<u>70</u>	<u>2,137,509</u>	<u>64</u>
	Total assets	<u>\$ 2,956,032</u>	<u>100</u>	<u>3,318,266</u>	<u>100</u>	Total liabilities and equity		<u>\$ 2,956,032</u>	<u>100</u>	<u>3,318,266</u>	<u>100</u>

(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	<u>622,660</u>	<u>20</u>	<u>739,227</u>	<u>20</u>
	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	<u>(636,133)</u>	<u>(21)</u>	<u>(643,501)</u>	<u>(17)</u>
	Operating income (loss)	<u>(13,473)</u>	<u>(1)</u>	<u>95,726</u>	<u>3</u>
	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	<u>7,350</u>	<u>-</u>	<u>32,897</u>	<u>1</u>
	Income (loss) before income tax	<u>(6,123)</u>	<u>(1)</u>	<u>128,623</u>	<u>4</u>
7950	Less: income tax expense (note 6(r))	<u>(10,957)</u>	<u>-</u>	<u>(31,049)</u>	<u>(1)</u>
	Net income (loss)	<u>(17,080)</u>	<u>(1)</u>	<u>97,574</u>	<u>3</u>
	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	-	-	-	-
		<u>7,222</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	-	-	-	-
		<u>(7,359)</u>	<u>-</u>	<u>21,256</u>	<u>-</u>
	Other comprehensive income (loss) for the year, net of income tax	<u>(137)</u>	<u>-</u>	<u>21,256</u>	<u>-</u>
	Total comprehensive income (loss) for the year	<u>\$ (17,217)</u>	<u>(1)</u>	<u>118,830</u>	<u>3</u>
	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
		<u>\$ (17,080)</u>	<u>(1)</u>	<u>97,574</u>	<u>3</u>
	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	-
		<u>\$ (17,217)</u>	<u>(1)</u>	<u>118,830</u>	<u>3</u>
	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			Total equity of the Company	Equity attributable to former owner of business combination under common control	Non-controlling interests	Total 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					
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	<u>1,122,505</u>	<u>312,233</u>	<u>273,057</u>	<u>78,028</u>	<u>298,275</u>	<u>649,360</u>	<u>(35,927)</u>	<u>-</u>	<u>(35,927)</u>	<u>2,048,171</u>	<u>-</u>	<u>89,338</u>	<u>2,137,509</u>
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	<u>\$ 1,122,505</u>	<u>312,314</u>	<u>280,894</u>	<u>78,028</u>	<u>213,367</u>	<u>572,289</u>	<u>(42,567)</u>	<u>4,333</u>	<u>(38,234)</u>	<u>1,968,874</u>	<u>-</u>	<u>95,384</u>	<u>2,064,258</u>

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
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	<u>46,730</u>	<u>45,482</u>
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	<u>304,373</u>	<u>246,768</u>
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	<u>(111,789)</u>	<u>(372,683)</u>
Total changes in operating assets and liabilities	<u>192,584</u>	<u>(125,915)</u>
Total adjustments	<u>239,314</u>	<u>(80,433)</u>
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	<u>184,562</u>	<u>(1,331)</u>

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Consolidated Statements of 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.

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.

Description of key audit matter:

Goodwill arising from the acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using equity method, is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management's judgment and estimation. 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)

Assets		December 31, 2023		December 31, 2022				Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%					Amount	%	Amount	%
Current assets:													
1100	Cash and cash equivalents (note 6(a))	\$ 97,537	5	115,701	5	2120	Financial liabilities at fair value through profit or loss—current (note 6(b))	\$ 40	-	1,058	-		
1110	Financial assets at fair value through profit or loss—current (note 6(b))	1,271	-	-	-	2130	Contract liabilities—current (note 6(r))	5,490	-	4,064	-		
1150-1170	Notes and accounts receivable (notes 6(c) and (r))	249,118	11	291,431	12	2150-2170	Notes and accounts payable	110,305	5	139,237	6		
1180	Accounts receivable from related parties (notes 6(c), (r) and 7)	1,616	-	6,688	-	2180	Accounts payable to related parties (note 7)	131	-	1,673	-		
1200	Other receivables (note 6(d))	-	-	362	-	2200	Other payables	28,584	1	38,719	2		
1210	Other receivables from related parties (notes 6(d) and 7)	182,590	8	207,068	9	2220	Other payables to related parties (note 7)	1,006	-	1,141	-		
1300	Inventories (note 6(e))	223,257	10	272,290	11	2230	Current income tax liabilities	1,850	-	12,864	1		
1410-1470	Prepayments and other current assets	5,260	-	4,521	-	2280	Lease liabilities—current (notes 6(m) and 7)	6,683	-	6,269	-		
	Total current assets	<u>760,649</u>	<u>34</u>	<u>898,061</u>	<u>37</u>	2300	Other current liabilities	7,840	1	7,239	-		
	Non-current assets:						Total current liabilities	<u>161,929</u>	<u>7</u>	<u>212,264</u>	<u>9</u>		
1550	Investments accounted for using the equity method (notes 6(g) and 7)	1,049,321	47	1,105,368	45	2540	Long-term debt (note 6(l))	50,000	2	100,000	4		
1600	Property, plant and equipment (notes 6(f) and (h))	294,997	13	382,537	16	2570	Deferred income tax liabilities (note (o))	45,711	2	61,085	2		
1755	Right-of-use assets (note 6(i))	22,639	1	28,054	1	2580	Lease liabilities—non-current (notes 6(m) and 7)	17,070	1	22,791	1		
1760	Investment property (note 6(j))	81,805	4	-	-		Total non-current liabilities	<u>112,781</u>	<u>5</u>	<u>183,876</u>	<u>7</u>		
1780	Intangible assets (note 6(k))	10,398	-	10,263	-		Total liabilities	<u>274,710</u>	<u>12</u>	<u>396,140</u>	<u>16</u>		
1840	Deferred income tax assets (note 6(o))	13,074	1	8,698	-		Equity (note 6(p)):						
1900	Other non-current assets	10,701	-	11,330	1	3110	Common stock	1,122,505	50	1,122,505	46		
	Total non-current assets	<u>1,482,935</u>	<u>66</u>	<u>1,546,250</u>	<u>63</u>	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	<u>1,968,874</u>	<u>88</u>	<u>2,048,171</u>	<u>84</u>		
Total assets		<u>\$ 2,243,584</u>	<u>100</u>	<u>2,444,311</u>	<u>100</u>		Total liabilities and equity	<u>\$ 2,243,584</u>	<u>100</u>	<u>2,444,311</u>	<u>100</u>		

(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)	<u>(698,502)</u>	<u>(80)</u>	<u>(1,024,809)</u>	<u>(79)</u>
Gross profit	<u>170,523</u>	<u>20</u>	<u>271,939</u>	<u>21</u>
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	<u>(186,193)</u>	<u>(22)</u>	<u>(210,578)</u>	<u>(16)</u>
Operating income (loss)	<u>(15,670)</u>	<u>(2)</u>	<u>61,361</u>	<u>5</u>
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	<u>(12,694)</u>	<u>(2)</u>	<u>(20,966)</u>	<u>(2)</u>
Total non-operating income and loss	<u>(15,165)</u>	<u>(2)</u>	<u>31,501</u>	<u>2</u>
Income (loss) before income tax	<u>(30,835)</u>	<u>(4)</u>	<u>92,862</u>	<u>7</u>
7950 Less: Income tax expense (note 6(o))	<u>9,889</u>	<u>1</u>	<u>(10,515)</u>	<u>(1)</u>
Net income (loss)	<u>(20,946)</u>	<u>(3)</u>	<u>82,347</u>	<u>6</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,333</u>	<u>1</u>	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(6,640)</u>	<u>(1)</u>	<u>20,579</u>	<u>2</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(2,307)</u>	<u>-</u>	<u>20,579</u>	<u>2</u>
8500 Total comprehensive income (loss) for the year	<u><u>\$ (23,253)</u></u>	<u><u>(3)</u></u>	<u><u>102,926</u></u>	<u><u>8</u></u>
Net income attributable to:				
8610 Shareholders of the Company	\$ (20,946)	(3)	78,953	6
Former owner of business combination under common control	<u>-</u>	<u>-</u>	<u>3,394</u>	<u>-</u>
	<u><u>\$ (20,946)</u></u>	<u><u>(3)</u></u>	<u><u>82,347</u></u>	<u><u>6</u></u>
Total comprehensive income attributable to:				
8710 Shareholders of the Company	\$ (23,253)	(3)	99,532	8
Former owner of business combination under common control	<u>-</u>	<u>-</u>	<u>3,394</u>	<u>-</u>
	<u><u>\$ (23,253)</u></u>	<u><u>(3)</u></u>	<u><u>102,926</u></u>	<u><u>8</u></u>
Earnings (loss) per share (in New Taiwan dollars) (note 6(q)) :				
9750 Basic earnings (loss) per share	<u><u>\$ (0.19)</u></u>		<u><u>0.70</u></u>	
9850 Diluted earnings (loss) per share	<u><u>\$ (0.19)</u></u>		<u><u>0.70</u></u>	

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			Total equity of the Company	Equity attributable to former owner of business combination under common control	Total 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
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)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Income (loss) before income taxes	\$ <u>(30,835)</u>	<u>92,862</u>
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	<u>-</u>	<u>(23,829)</u>
Total adjustments for profit or loss	<u>32,317</u>	<u>9,137</u>
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	<u>(739)</u>	<u>5,693</u>
Net changes in operating assets	<u>94,713</u>	<u>218,375</u>
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	<u>601</u>	<u>310</u>
Net changes in operating liabilities	<u>(39,664)</u>	<u>(186,680)</u>
Total changes in operating assets and liabilities	<u>55,049</u>	<u>31,695</u>
Total adjustments	<u>87,366</u>	<u>40,832</u>
Cash provided by operations	56,531	133,694
Interest received	964	521
Income taxes paid	<u>(20,875)</u>	<u>(26,620)</u>
Net cash flows provided by operating activities	<u>36,620</u>	<u>107,595</u>

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)

	<u>2023</u>	<u>2022</u>
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	<u>60,583</u>	<u>(325,649)</u>
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	<u>(115,367)</u>	<u>(4,618)</u>
Net decrease in cash and cash equivalents	(18,164)	(222,672)
Cash and cash equivalents at beginning of year	<u>115,701</u>	<u>338,373</u>
Cash and cash equivalents at end of year	<u>\$ 97,537</u>	<u>115,701</u>

See accompanying notes to the parent-company-only financial statements.

Attachment 2: List of non-competition restrictions on current directors proposed to be lifted

List of non-competition restrictions on current directors proposed to be lifted

Name	Released restriction items
Wen-Hsing Tseng Representative of DFI Inc.	Associate Vice President of Qisda Corporation Director of Legal Representative of DFI Inc. Director of Legal Representative of Metaage Corporation Director of Legal Representative of AEWIN Technologies Co.,Ltd. Director of Legal Representative of APLEX Technology Inc. Director of Legal Representative of Partner Tech Corp. Director of Legal Representative of La Fresh Information Co., Ltd. Director of Legal Representative of Marketop Smart Solutions Co., Ltd. Director of Legal Representative of BenQ Guru Holding Limited Director of Legal Representative of BenQ Guru Software Co., Ltd.
Chang-Chien Li Representative of DFI Inc.	Director of Legal Representative of H2 Energy Co., Ltd.
Sheng-Fa Yeh	Supervisor, Solomon Goldentek Display Corp.

Appendix I: Articles of Incorporation

ACE PILLAR CO., LTD. ARTICLES OF INCORPORATION

Chapter I General Provisions

- Article 1: The Company is organized in accordance with the Company Act of R.O.C. and named ACE PILLAR CO., LTD. The Company Name in English shall be ACE PILLAR CO., LTD.
- Article 2: The lines of business of the Company shall include the following:
1. E603050 Automatic Control Equipment Engineering
 2. F401010 International Trade
 3. F113050 Wholesale of Computers and Clerical Machinery Equipment
 4. F118010 Wholesale of Computer Software
 5. F218010 Retail Sale of Computer Software
 6. I301010 Information Software Services
 7. CB01990 Other Machinery Manufacturing
 8. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The company's investment in other enterprises shall not be restricted by the regulations related to total investment amount, stipulated in the Company Act.
- Article 4: External guarantee for the business needs of the company shall be made with consent of the Board of Directors.
- Article 5: The head office of the Company is located in New Taipei City, Taiwan. The Company may, as approved by the resolution of the Board of Directors, set up branch offices or factories in compliance with applicable laws and regulations in Taiwan or abroad when necessary.

Chapter 2 Shares

- Article 6: The total capital of the company is NT\$2 billion, divided into 200 million shares, all of which are common stocks. The value per share is NT\$10. The unissued shares will be issued in installments by authority of the Board of Directors. In the preceding capital, 5 million shares shall be reserved for issuance of share quota of employee stock warrants.
- Article 6-1: Only with consent of the shareholders' meeting where at least two-thirds of the voting rights present at the shareholders' meeting attended by shareholders representing a majority of total issued shares shall the company transfer shares to employees at a price lower than the average actual repurchase price, or issue the employee stock warrants at a subscription price lower than the closing price of common stock on the issuing date.
- Article 6-2: The treasury stocks purchased by the Company according to the Company Act may be transferred to employees of other companies under the control of or affiliated to the Company which satisfy certain conditions. The Company's employee stock options may be issued to employees of other companies under the control of or affiliated to the Company which satisfy certain conditions. When the Company issues new shares, employees purchasing the shares include employees of other companies under the control of or affiliated to the Company which satisfy certain conditions.

The Company may issue new shares for restricting employee rights to employees of other companies under the control of or affiliated to the Company which satisfy certain conditions.

Article 7: The company is exempted from printing any share certificate for the shares issued. However, the issued shares should be registered with a centralized securities depository enterprise. This also applies to other securities.

Article 8: Unless otherwise stipulated by laws and securities regulations, the company's shareholders handle matters related to stock affairs in accordance with the Company Law and the Regulations Governing the Administration of Shareholder Services of Public Companies.

Chapter 3 Shareholders' Meetings

Article 9: The shareholders' meetings are divided into the regular shareholders' meeting and the special shareholders' meeting. The regular shareholders' meeting is convened by the Board of Directors once a year within six months after the end of a fiscal year, according to the law. A special shareholders' meeting may be convened in accordance with the law if necessary.

The shareholders' meeting of the company may be held by video conference or other means announced by the central competent authority.

The convening procedure of the shareholders' meeting shall be handled in accordance with Article 172, the Company Act.

Article 10: If a shareholder cannot attend a shareholders' meeting for some reason, he or she may issue a proxy form, printed by the company, stating the scope of authorization, to authorize an agent to attend the meeting on his or her behalf. Unless otherwise provided for under Article 177 of the Company Act, the rules of shareholders' authorization for attendance shall comply with the "Regulations Governing the Use of Proxies for Attendance at Shareholders Meeting of Public Companies".

Article 11: When the shareholders' meeting is convened, the chairperson of the Board shall chair the meeting. In case the chairperson of the Board is absent, he/she may designate one director as his/her agent. In case of no designation, one director may be elected from among the directors. For a shareholders' meeting which is convened by the convener other than the Board of Directors, according to the Company Act, the chairperson role shall be assumed by the said convener. In case of two or more conveners, one shall be elected among them.

Article 12: Each shareholder of the company shall have a voting right for each share he/she holds. However, those who involve any conditions specified in Article 179 of the Company Act have no voting right.

Article 13: Unless otherwise provided by relevant laws and regulations, the resolution of the shareholders' meeting shall be adopted by the affirmative votes of the attending shareholders representing more than half of the total issued shares.

Article 14: Resolutions of a shareholders' meeting shall be recorded in the meeting minutes signed or affixed with the chop by the meeting chair. Meeting minutes may be produced and distributed in accordance with Article 183 of the Company Act.

Chapter 4 Directors and Audit Committees

Article 15: The company shall have a board of directors consisting of seven to nine members, with a term of three years, who shall be elected by the shareholders' meeting in accordance with the law. In the event that the term of a director expires before re-election, the director shall continue to perform his or her duties until a new director is elected. There shall be at least three independent directors, and the election of directors adopts the candidate

nomination system and shall be handled in accordance with the Company Act and relevant regulations.

Article 16: The Board of Directors is organized by directors. The Chairman of the Board of Directors shall be elected from among the attending directors by a majority vote and with the attendance over two thirds of the seats in a meeting of the Board of Directors. As necessary, a Vice Chairman may be elected among the attending directors in the same manner. The Chairman of the Board shall externally have the authority to represent the Company.

In case the Chairman of the Board asks for leave or for other reason cannot exercise his power and authority, he may appoint another director to represent him by proxy in accordance with Article 208 of the Company Act.

If the Board of Directors meeting is held by video conference, the directors taking part in the meeting are deemed present in person.

Article 16-1: The Company shall set up the Audit Committee organized by all of the independent directors in accordance with the Securities and Exchange Act. The composition of the audit committee, duties, rules of meeting procedure and other compliance matters shall comply with the relevant regulations prescribed by the securities supervisory authorities.

Article 17: 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.

Article 18: If the directors are unable to attend the board meeting, they shall issue the proxy form to authorize other directors to be present as their agents, pursuant to Article 205 of the Company Act. However, one proxy form can be issued for one director only.

Article 19: As resolved by the Board of Directors, the company may purchase liability insurance for the directors with respect to liabilities resulting from exercising their duties.

Chapter 5 Managerial Officer

Article 20: The company shall have one general manager and several vice general managers. Their appointment, discharge, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Finalization of Accounts and distribution

Article 21: At the end of a fiscal year, the Board of Directors shall prepare the following reports and statements to be audited by the audit committee within 30 days prior to the regular shareholders' meeting before they will be submitted to the shareholders' meeting for recognition:

1. Business report;
2. Financial statements
3. Proposal for allocation of profits or compensation of losses.

Article 22: If the company has gained profit in the annual accounts (the so-called profit refers to the income of pre-tax income before subtracting the profit-sharing compensation for employees and directors), 2 - 20% shall be allocated as the compensation for employees and less than 1% for directors' compensation. However, in case of the accumulated losses for the company (including adjustment of undistributed earnings amount), certain profits shall first be reserved to cover them.

The preceding profit-sharing compensation for employees shall be distributed in stock or cash and the subjects for distribution shall include the employees of the

parent company or subsidiaries who meet certain specific requirements. The foregoing profit-sharing compensation for directors shall only be distributed in cash. What is sated in the preceding two paragraphs should be performed by the resolution of the Board of Directors and reported during the shareholders' meeting.

Article 22-1: If there are earnings at the end of each fiscal year, the company shall first compensate the accumulated losses, in addition to paying all taxes according to the law, then withdraw 10% as the legal reserve and other special reserve, which should be withdrawn or reversed in accordance with the law. In case of any other earnings left, the Board of Directors shall draw up a distribution proposal in terms of the said balance, along with the undistributed earnings in the past years and present the proposal during the shareholders' meeting for the purpose of making a resolution on distribution.

If the foregoing earnings distribution is carried out in cash dividend, the Board of Directors shall be authorized to make a resolution and report it during the shareholders' meeting.

In response to the company's operation and growth needs, the company's dividend distribution policy considers the budget of future capital expenditure and fund needs. If there are earnings at the annual final accounts and the distributable earnings in the current year reach 2% of the capital, the dividend distribution shall not be less than 10% of the distributable earnings in the current year, in which the ratio of cash distribution shall not be less than 20% of the total dividends of the current year.

Article 22-2: The Company may distribute new shares or cash by way of legal reserve or capital reserve in accordance with Article 241 of the Company Act.

Where the means of cash is performed in the preceding paragraph, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.

Chapter 7 Supplementary Provisions

Article 23: If the company's stock is intended to be cancelled for public offering, a special resolution shall be made at the shareholders' meeting, and this article shall remain unchanged during the period of the company's listing on the TWSE and TPEX.

Article 24: Matters not provided for herein shall be subject to the Company Act and the related laws and regulations.

Article 25: The establishment or amendment of these Articles of Incorporation shall come into force upon approval by the competent authority.

Article 26: These Articles of Incorporation were established by the organizers on March 20, 1984.

The 1th amendment was made on September 10, 1986.

The 2th amendment was made on June 30, 1987.

The 3th amendment was made on September 30, 1988.

The 4th amendment was made on July 31, 1990.

The 5th amendment was made on October 9, 1992.

The 6th amendment was made on October 20, 1993.

The 7th amendment was made on June 29, 1994.

The 8th amendment was made on June 22, 1995.

The 9th amendment was made on June 25, 1997.

The 10th amendment was made on June 12, 1998.

The 11th amendment was made on June 30, 1999.
The 12th amendment was made on June 22, 2000.
The 13th amendment was made on June 15, 2001.
The 14th amendment was made on September 5, 2001.
The 15th amendment was made on November 13, 2001.
The 16th amendment was made on June 28, 2002.
The 17th amendment was made on June 15, 2005.
The 18th amendment was made on June 15, 2006.
The 19th amendment was made on June 13, 2007.
The 20th amendment was made on June 13, 2008.
The 21th amendment was made on June 19, 2009.
The 22th amendment was made on June 18, 2012.
The 23th amendment was made on June 24, 2014.
The 24th amendment was made on June 15, 2016.
The 25th amendment was made on June 16, 2017.
The 26th amendment was made on March 13, 2019.
The 27th amendment was made on November 13, 2019.
The 28th amendment was made on June 12, 2020.
The 29th amendment was made on August 24, 2021.
The 30th amendment was made on June 14, 2022.

Appendix 2: Rules of Procedure for Shareholders' Meeting

ACE PILLAR CO., LTD.

RULES OF PROCEDURE FOR SHAREHOLDERS' MEETING

- Article 1 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 2 Any reference to shareholders in this process mean shareholders registered in the members' register, solicitor, or the proxies entrusted by the shareholders to attend the shareholders' meetings for them.
- Article 3 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.
A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail. If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- Article 5 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.
- Article 5-1 To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:
I. How shareholders attend the virtual meeting and exercise their rights.

2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:

(1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.

(2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.

(3) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

(4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 6 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 7 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

If the chair declares the meeting adjourned in violation of the rules of procedure, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Discussions or votes shall be carried out only for proposals. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote.

For such motions which are announced by the chair to be determined by votes, ballots may be casted for several motions at the same time but shall be voted separately.

Article 9

The chair shall call the meeting to order at the appointed meeting time, However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 3.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 11 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in Article 10 do not apply.

Article 12 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. The result of each vote shall be announced at the meeting immediately and shall be recorded into the minute.

When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 13 This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures and shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

The information and audio and video recording shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 14 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 15 When a meeting is in progress, the chair may announce a break based on time considerations.

Article 16 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors . The minutes shall be retained for the duration of the existence of this Corporation.

Article 17 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 18 The Rules and Procedures were established on June 28, 2002.
The 1th amendment was made on May 26, 2023.

Appendix 3 : Shareholding of Directors

ACE PILLAR CO., LTD. **Shareholding of Directors**

Title	Name	No. of Shareholding
Chairman	Tseng, Wen-Hsing (Representative of DFI Inc.)	53,958,069
Director	Lin, Chih-Chen (Representative of DFI Inc.)	53,958,069
Director	Li, Chang-Chien (Representative of DFI Inc.)	53,958,069
Director	Su, Chia-Hung (Representative of DFI Inc.)	53,958,069
Director	Huang, Li-Min (Representative of DFI Inc.)	53,958,069
Director	Han-Yu Investment Co., Ltd. (Representative: Yang, Hwei-Ling)	10,176,013
Independent Director	Yeh, Sheng-Fa	0
Independent Director	Lee, Liang-Yoo	0
Independent Director	Yang, Chi-Hang	0
Total		64,134,082

Note1: The numbers of shares held by the directors and supervisors individually and by the entire bodies thereof respectively as recorded in the shareholders' register as of the book closure date (March 30, 2024) for that shareholders' meeting.

Note2: The legal number of shares held by all directors is 8,000,000 shares in accordance with the regulations of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.