

ACE PILLAR CO., LTD. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Review Report****For the Three Months Ended March 31, 2024 and 2023**

Address: 12F, No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C)

Telephone: 886-2-2995-8400

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Organization and business	8
(2) Authorization of the consolidated financial statements	8
(3) Application of new and revised accounting standards and interpretations	8~9
(4) Summary of material accounting policies	10~11
(5) Critical accounting judgments, and key sources of estimation uncertainty	11
(6) Significant account disclosures	12~36
(7) Related-party transactions	36~39
(8) Pledged assets	39
(9) Significant commitments and contingencies	40
(10) Significant losses due to major disasters	40
(11) Significant subsequent events	40
(12) Others	40
(13) Additional disclosures	
(a) Information on significant transactions	41, 43~46
(b) Information on investees	41, 47
(c) Information on investment in Mainland China	41, 48
(d) Major shareholders	41
(14) Segment information	42

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Ace Pillar Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Qualified Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Ace Pillar Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and their consolidated financial performance and their consolidated cash flows for the three months then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

May 2, 2024

Notes to Readers

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

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

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2024, December 31, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollar)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 438,710	15	391,843	13	466,591	14	2100	Short-term borrowings (notes 6(l) and 8)	\$ 198,494	7	134,599	5	210,642	7
1110	Financial assets at fair value through profit or loss — current (note 6(b))	4	-	1,730	-	297	-	2123	Financial liabilities at fair value through profit or loss — current (note 6(b))	583	-	40	-	276	-
1136	Financial assets measured at amortized cost— current (notes 6(d) and 8)	1,000	-	1,000	-	5,968	-	2130	Contract liabilities— current (note 6(s))	49,849	2	44,252	2	80,754	2
1140	Contract assets— current (note 6(s))	1,285	-	812	-	4,006	-	2150-2170	Notes and accounts payable (note 7)	339,646	11	364,024	12	415,141	13
1150-1170	Notes and accounts receivable (notes 6(e), (s), 7 and 8)	914,716	31	920,711	31	942,349	29	2200	Other payables (note 7)	107,878	3	127,005	4	108,593	3
1200	Other receivables (notes 6(f) and 7)	9,858	-	5,241	-	13,861	1	2216	Cash dividends payable (note 7)	33,675	1	-	-	56,125	2
130X	Inventories (note 6(g))	615,841	21	668,897	23	825,229	26	2230	Current income tax liabilities	40,337	1	39,331	1	57,984	2
1410-1470	Prepayments and other current assets	49,773	2	28,155	1	36,530	1	2280	Lease liabilities— current (notes 6(n) and 7)	17,794	1	13,500	-	10,896	-
	Total current assets	<u>2,031,187</u>	<u>69</u>	<u>2,018,389</u>	<u>68</u>	<u>2,294,831</u>	<u>71</u>	2300	Other current liabilities	8,254	-	11,985	-	9,829	-
	Non-current assets:							2320	Current portion of long-term debt (notes 6(m) and 8)	-	-	-	-	608	-
1517	Financial assets at fair value through other comprehensive income— non-current (note 6(c))	7,409	-	8,655	-	1,434	-		Total current liabilities	<u>796,510</u>	<u>26</u>	<u>734,736</u>	<u>24</u>	<u>950,848</u>	<u>29</u>
1535	Financial assets at amortized cost— non-current (note 6(d))	3,365	-	3,211	-	3,209	-		Non-current liabilities:						
1600	Property, plant and equipment (notes (h) and 8)	561,155	19	560,875	19	579,660	18	2540	Long-term debt (notes 6(m) and 8)	20,000	1	50,000	2	80,000	2
1755	Right-of-use assets (note 6(i))	63,051	2	53,443	2	51,072	2	2570	Deferred income tax liabilities	82,250	3	82,696	3	99,690	3
1760	Investment property, net (note 6(j))	81,453	3	81,805	3	82,859	2	2580	Lease liabilities— non-current (notes 6(n) and 7)	29,700	1	24,342	1	23,667	1
1780	Intangible assets (note 6(k))	184,244	6	187,721	6	193,441	6		Total non-current liabilities	<u>131,950</u>	<u>5</u>	<u>157,038</u>	<u>6</u>	<u>203,357</u>	<u>6</u>
1840	Deferred income tax assets	13,445	-	13,438	1	9,869	-		Total liabilities	<u>928,460</u>	<u>31</u>	<u>891,774</u>	<u>30</u>	<u>1,154,205</u>	<u>35</u>
1920	Refundable deposits	20,048	1	20,894	1	19,108	1		Equity attributable to shareholders of the Company (note (q)):						
1990	Other non-current assets	7,369	-	7,601	-	9,123	-	3110	Common stock	1,122,505	38	1,122,505	38	1,122,505	35
	Total non-current assets	<u>941,539</u>	<u>31</u>	<u>937,643</u>	<u>32</u>	<u>949,775</u>	<u>29</u>	3200	Capital surplus	312,377	11	312,314	11	312,233	10
								3300	Retained earnings	538,796	18	572,289	19	594,610	18
								3400	Other equity	(26,610)	(1)	(38,234)	(1)	(29,644)	(1)
									Total equity attributable to shareholders of the Company	<u>1,947,068</u>	<u>66</u>	<u>1,968,874</u>	<u>67</u>	<u>1,999,704</u>	<u>62</u>
								36XX	Non-controlling interests	<u>97,198</u>	<u>3</u>	<u>95,384</u>	<u>3</u>	<u>90,697</u>	<u>3</u>
									Total equity	<u>2,044,266</u>	<u>69</u>	<u>2,064,258</u>	<u>70</u>	<u>2,090,401</u>	<u>65</u>
									Total liabilities and equity	<u>\$ 2,972,726</u>	<u>100</u>	<u>2,956,032</u>	<u>100</u>	<u>3,244,606</u>	<u>100</u>
	Total assets	<u>\$ 2,972,726</u>	<u>100</u>	<u>2,956,032</u>	<u>100</u>	<u>3,244,606</u>	<u>100</u>								

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)**

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(s), 7 and 14)	\$ 702,408	100	800,140	100
5000	Operating costs (notes 6(g), (h), 7 and 12)	<u>(542,456)</u>	<u>(77)</u>	<u>(643,173)</u>	<u>(80)</u>
	Gross profit	<u>159,952</u>	<u>23</u>	<u>156,967</u>	<u>20</u>
	Operating expenses (notes 6(e), (h), (i), (j), (k), (n), (o), (t), 7 and 12):				
6100	Selling expenses	(104,653)	(15)	(105,171)	(13)
6200	Administrative expenses	(54,631)	(8)	(54,638)	(7)
6300	Research and development expenses	(1,363)	-	(1,528)	-
6450	Gains on reversal of impairment loss (expected credit loss)	<u>(616)</u>	<u>-</u>	<u>12,313</u>	<u>1</u>
	Total operating expenses	<u>(161,263)</u>	<u>(23)</u>	<u>(149,024)</u>	<u>(19)</u>
	Operating income (loss)	<u>(1,311)</u>	<u>-</u>	<u>7,943</u>	<u>1</u>
	Non-operating income and loss (notes (n), (u) and 7):				
7100	Interest income	311	-	231	-
7010	Other income	3,456	-	2,647	-
7020	Other gains and losses, net	3,969	1	(900)	-
7050	Finance costs	<u>(1,500)</u>	<u>-</u>	<u>(2,229)</u>	<u>-</u>
	Total non-operating income and loss	<u>6,236</u>	<u>1</u>	<u>(251)</u>	<u>-</u>
	Income before income tax	4,925	1	7,692	1
7950	Less: income tax expense (note 6(p))	<u>(3,357)</u>	<u>(1)</u>	<u>(5,266)</u>	<u>(1)</u>
	Net income	<u>1,568</u>	<u>-</u>	<u>2,426</u>	<u>-</u>
	Other comprehensive income (note 6(q)):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(1,246)	-	-	-
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>(1,246)</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	13,298	2	6,591	1
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>13,298</u>	<u>2</u>	<u>6,591</u>	<u>1</u>
	Other comprehensive income for the period, net of income tax	<u>12,052</u>	<u>2</u>	<u>6,591</u>	<u>1</u>
	Total comprehensive income for the period	<u>\$ 13,620</u>	<u>2</u>	<u>9,017</u>	<u>1</u>
	Net income attributable to:				
8610	Shareholders of the Company	\$ 182	-	1,375	-
8620	Non-controlling interests	<u>1,386</u>	<u>-</u>	<u>1,051</u>	<u>-</u>
		<u>\$ 1,568</u>	<u>-</u>	<u>2,426</u>	<u>-</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 11,806	2	7,658	1
8720	Non-controlling interests	<u>1,814</u>	<u>-</u>	<u>1,359</u>	<u>-</u>
		<u>\$ 13,620</u>	<u>2</u>	<u>9,017</u>	<u>1</u>
	Earnings per share (in New Taiwan Dollar) (note 6(r)):				
9750	Basic earnings per share	<u>\$ 0.002</u>		<u>0.01</u>	
9850	Diluted earnings per share	<u>\$ 0.002</u>		<u>0.01</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 Changes in Equity****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	Attributable to shareholders of the Company						Foreign currency translation differences	Other equity Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity of the Company	Non- controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total						
Balance at January 1, 2023	\$ 1,122,505	312,233	273,057	78,028	298,275	649,360	(35,927)	-	(35,927)	2,048,171	89,338	2,137,509
Net income for the period	-	-	-	-	1,375	1,375	-	-	-	1,375	1,051	2,426
Other comprehensive income for the period	-	-	-	-	-	-	6,283	-	6,283	6,283	308	6,591
Total comprehensive income for the period	-	-	-	-	1,375	1,375	6,283	-	6,283	7,658	1,359	9,017
Appropriation of earnings:												
Cash dividends to shareholders	-	-	-	-	(56,125)	(56,125)	-	-	-	(56,125)	-	(56,125)
Balance at March 31, 2023	\$ 1,122,505	312,233	273,057	78,028	243,525	594,610	(29,644)	-	(29,644)	1,999,704	90,697	2,090,401
Balance at January 1, 2024	\$ 1,122,505	312,314	280,894	78,028	213,367	572,289	(42,567)	4,333	(38,234)	1,968,874	95,384	2,064,258
Net income for the period	-	-	-	-	182	182	-	-	-	182	1,386	1,568
Other comprehensive income (loss) for the period	-	-	-	-	-	-	12,372	(748)	11,624	11,624	428	12,052
Total comprehensive income (loss) for the period	-	-	-	-	182	182	12,372	(748)	11,624	11,806	1,814	13,620
Appropriation of earnings:												
Cash dividends to shareholders	-	-	-	-	(33,675)	(33,675)	-	-	-	(33,675)	-	(33,675)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	63	-	-	-	-	-	-	-	63	-	63
Balance at March 31, 2024	\$ 1,122,505	312,377	280,894	78,028	179,874	538,796	(30,195)	3,585	(26,610)	1,947,068	97,198	2,044,266

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 three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	For the three months ended March 31	
	2024	2023
Cash flows from operating activities:		
Income before income taxes	\$ 4,925	7,692
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	11,185	9,743
Amortization	3,477	3,381
(Reversal) of expected credit loss	616	(12,313)
Interest expense	1,500	2,229
Interest income	(311)	(231)
Loss (gain) on disposal of property, plant and equipment	(918)	269
Loss (gain) on lease modifications	13	(2)
Gain on liquidation of subsidiaries	(4,360)	-
Total adjustments for profit or loss	11,202	3,076
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	1,726	(134)
Contract assets	(473)	(4,006)
Notes and accounts receivable	5,379	13,967
Other receivables	(4,617)	15,551
Inventories	53,056	71,694
Other assets	(21,304)	8,713
Net changes in operating assets	33,767	105,785
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	543	(782)
Notes and accounts payable	(24,378)	24,536
Other payables	(19,135)	(40,628)
Contract liabilities	5,597	(27,407)
Other current liabilities	(3,731)	(311)
Net changes in operating liabilities	(41,104)	(44,592)
Total changes in operating assets and liabilities	(7,337)	61,193
Total adjustments	3,865	64,269
Cash provided by operations	8,790	71,961
Interest received	283	208
Income taxes paid	(4,510)	(2,644)
Net cash flows provided by operating activities	4,563	69,525

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 three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollar)

	For the three months ended	
	March 31	
	2024	2023
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(214)	(395)
Proceeds from disposal of property, plant and equipment	1,050	89
Decrease (increase) in refundable deposits	846	(353)
Acquisition of intangible assets	-	(350)
Decrease in financial assets measured at amortized cost — current	-	1,880
Decrease in other non-current assets	232	794
Net cash flows provided by investing activities	1,914	1,665
Cash flows from financing activities:		
Increase in short-term borrowings	111,381	30,000
Decrease in short-term borrowings	(50,733)	(49,804)
Increase in long-term debt	-	50,000
Repayments of long-term debt	(30,000)	(70,055)
Payment of lease liabilities	(4,855)	(4,271)
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	63	-
Interest paid	(1,492)	(2,259)
Net cash flows provided by (used in) financing activities	24,364	(46,389)
Effect of foreign exchange rate changes	16,026	5,695
Net increase in cash and cash equivalents	46,867	30,496
Cash and cash equivalents at beginning of period	391,843	436,095
Cash and cash equivalents at end of period	\$ 438,710	466,591

See accompanying notes to the consolidated financial statements.

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

1. Organization and business

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

2. Authorization of the consolidated financial statements

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

3. Application of new and revised accounting standards and interpretations

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

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

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all entities.	January 1, 2027

(Continued)

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

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

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

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

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

(Continued)

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

4. Summary of material accounting policies

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

(a) Statement of compliance

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Subsidiaries	Principal Activities	Percentage of Ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Cyber South Management Ltd. (“Cyber South”, Samoa)	Investment and holding activity	100.00 %	100.00 %	100.00 %	-
The Company/ Proton/ Cyber South	Tianjin Ace Pillar Co., Ltd. (“Tianjin Ace Pillar”, China)	Sales of automation mechanical transmission system and component	100.00 %	100.00 %	100.00 %	-
The Company	Hong Kong Ace Pillar Enterprise Limited. (“Hong Kong Ace Pillar”, Hong Kong)	Sales of automation mechanical transmission system and component	-	100.00 %	100.00 %	Note 1
Cyber South	Proton Inc. (“Proton”, Samoa)	Investment and holding activity	100.00 %	100.00 %	100.00 %	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. (“Ace Tek”, Hong Kong)	Investment and holding activity	100.00 %	100.00 %	100.00 %	-
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. (“Suzhou Super Pillar”, China)	Manufacture and technology service of automation mechanical transmission system and control products	100.00 %	100.00 %	100.00 %	-
Cyber South	Grace Transmission (Tianjin) Co., Ltd. (“Grace Transmission”, China)	Manufacture of automation mechanical transmission system and component	-	100.00 %	100.00 %	Note 2
Ace Tek	Advancedtek Ace (TJ) Inc. (“Advancedtek Ace”, China)	Electronic system integration	100.00 %	100.00 %	100.00 %	-

(Continued)

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

Name of Investor	Name of Subsidiaries	Principal Activities	Percentage of Ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Standard Technology Corp. ("STC", Taiwan)	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	60.00 %	60.00 %	60.00 %	-
STC	Standard Technology Corp. ("STCBVI", BVI)	Investment and holding activity	60.00 %	60.00 %	60.00 %	-
STCBVI	Standard International Trading (Shanghai) Co., Ltd. ("Shanghai STC", China)	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	60.00 %	60.00 %	60.00 %	-
The Company	ACE Energy Co., Ltd. ("AEG", Taiwan)	Energy technology service	99.86 %	99.86 %	99.86 %	-
AEG	BlueWalker GmbH ("BWA", Germany)	Sales and service of energy management products	99.86 %	99.86 %	99.86 %	-

Note 1: The subsidiary was liquidated in February 2024.

Note 2: The subsidiary was liquidated in January 2024.

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

(c) Income taxes

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

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

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

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

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

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

(Continued)

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

6. Significant account disclosures

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

(a) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand	\$ 305	296	415
Demand deposits and checking accounts	394,405	381,547	466,176
Time deposits with original maturities less than three months	<u>44,000</u>	<u>10,000</u>	<u>-</u>
	<u><u>\$ 438,710</u></u>	<u><u>391,843</u></u>	<u><u>466,591</u></u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial assets at fair value through profit or loss:			
Foreign currency forward contracts	\$ 4	459	194
Foreign exchange swaps	<u>-</u>	<u>1,271</u>	<u>103</u>
	<u><u>\$ 4</u></u>	<u><u>1,730</u></u>	<u><u>297</u></u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial liabilities at fair value through profit or loss:			
Foreign currency forward contracts	\$ (393)	(40)	(215)
Foreign exchange swaps	<u>(190)</u>	<u>-</u>	<u>(61)</u>
	<u><u>\$ (583)</u></u>	<u><u>(40)</u></u>	<u><u>(276)</u></u>

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

(i) Foreign currency forward contracts

	<u>March 31, 2024</u>	
	<u>Contract amount (in thousands)</u>	<u>Maturity period</u>
USD Buy / CNY Sell	USD 1,050	2024/04
CNY Buy / USD Sell	USD 1,560	2024/04
USD Buy / EUR Sell	USD 1,000	2024/04

(Continued)

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

		December 31, 2023	
		Contract amount (in thousands)	Maturity period
	USD Buy / CNY Sell	USD 1,000	2024/01
	CNY Buy / USD Sell	USD 2,780	2024/01
	USD Buy / EUR Sell	USD 310	2024/01
		March 31, 2023	
		Contract amount (in thousands)	Maturity period
	USD Buy / CNY Sell	USD 1,000	2023/04
	USD Buy / EUR Sell	USD 2,000	2023/04
	CNY Buy / USD Sell	USD 2,700	2023/04
(ii)	Foreign exchange swaps	March 31, 2024	
		Contract amount (in thousands)	Maturity period
	NTD Swap in / CNY Swap out	CNY 35,000	2024/04
		December 31, 2023	
		Contract amount (in thousands)	Maturity period
	NTD Swap in / CNY Swap out	CNY 42,000	2024/01
		March 31, 2023	
		Contract amount (in thousands)	Maturity period
	NTD Swap in / CNY Swap out	CNY 47,000	2023/04

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

(Continued)

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
Equity investments at fair value through other comprehensive income:			
Foreign unlisted stocks	\$ <u>7,409</u>	<u>8,655</u>	<u>1,434</u>

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

There were no disposals of the above strategic investments and no transfers of any cumulative gain or loss within equity relating to these investments for the three months ended March 31, 2024 and 2023.

(d) Financial assets measured at amortized cost

	March 31, 2024	December 31, 2023	March 31, 2023
Pledged time deposits	\$ 1,000	1,000	1,616
Time deposits	-	-	4,352
Corporate bonds	<u>3,365</u>	<u>3,211</u>	<u>3,209</u>
	\$ <u>4,365</u>	<u>4,211</u>	<u>9,177</u>
Current	\$ 1,000	1,000	5,968
Non-current	<u>3,365</u>	<u>3,211</u>	<u>3,209</u>
	\$ <u>4,365</u>	<u>4,211</u>	<u>9,177</u>

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

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

(e) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable from operating activities	\$ 287,866	292,667	264,519
Accounts receivable measured at amortized cost	650,076	650,354	709,402
Less: loss allowance	<u>(23,226)</u>	<u>(22,310)</u>	<u>(31,572)</u>
	\$ <u>914,716</u>	<u>920,711</u>	<u>942,349</u>

(Continued)

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

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

	March 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 367,450	0%	-
Past due 1-90 days	11,882	0%	-
Past due 91-180 days	13	0~100%	-
Past due 271-365 days	5	0~100%	5
Past due over 366 days	1,479	100%	1,479
	\$ 380,829		1,484

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

	March 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 375,542	0~0.46%	53
Past due 1-90 days	13,213	0~31.36%	2
Past due 91-180 days	216	0~100%	-
Past due 181-270 days	461	0~100%	-
Past due over 271 days	2,143	100%	2,143
	\$ 391,575		2,198

(Continued)

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

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

	March 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 477,482	0~0.95%	1,980
Past due 1-90 days	60,448	0~14.68%	3,372
Past due 91-180 days	4,078	0~50.30%	1,462
Past due 181-270 days	1,039	0~75.78%	874
Past due 271-365 days	1,939	0~100%	1,927
Past due over 366 days	12,127	100%	12,127
	\$ 557,113		21,742

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

	March 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 483,459	0~1.07%	1,282
Past due 1-90 days	71,746	0~21.08%	3,321
Past due 91-180 days	3,673	0~61.09%	1,478
Past due 181-270 days	1,908	0~100%	1,733
Past due over 271 days	21,560	100%	21,560
	\$ 582,346		29,374

(Continued)

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

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

	For the three months ended March 31,	
	2024	2023
Balance at January 1	\$ 22,310	59,012
Impairment loss (gain on reversal of impairment loss)	616	(12,313)
Reversal of insurance claims for accounts receivable	(153)	(14,331)
Effect of exchange rate changes	453	(796)
Balance at March 31	\$ 23,226	31,572

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

(f) Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables	\$ 9,858	5,241	13,861
Less: loss allowance	-	-	-
	\$ 9,858	5,241	13,861

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

(g) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Merchandise inventory	\$ 615,841	668,897	825,229

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

	For the three months ended March 31,	
	2024	2023
Cost of inventories sold	\$ 539,977	621,722
Reversal of write-downs of inventories	(6,724)	(4,790)
	\$ 533,253	616,932

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

(Continued)

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

(h) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment and other equipment</u>	<u>Lease</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:						
Balance at January 1, 2024	\$ 193,588	484,938	79,074	-	-	757,600
Additions	-	-	214	-	-	214
Disposals	-	(535)	(2,276)	-	-	(2,811)
Effect of exchange rate changes	-	8,582	1,062	-	-	9,644
Balance at March 31, 2024	<u>\$ 193,588</u>	<u>492,985</u>	<u>78,074</u>	<u>-</u>	<u>-</u>	<u>764,647</u>
Balance at January 1, 2023	\$ 256,927	526,392	173,724	102,532	229	1,059,804
Additions	-	-	395	-	-	395
Disposals	-	-	(11,103)	-	-	(11,103)
Reclassification	(63,339)	(35,882)	-	-	-	(99,221)
Effect of exchange rate changes	-	2,366	545	-	-	2,911
Balance at March 31, 2023	<u>\$ 193,588</u>	<u>492,876</u>	<u>163,561</u>	<u>102,532</u>	<u>229</u>	<u>952,786</u>
Accumulated depreciation and impairment loss:						
Balance at January 1, 2024	\$ -	135,208	61,517	-	-	196,725
Depreciation	-	4,122	1,384	-	-	5,506
Disposals	-	(407)	(2,272)	-	-	(2,679)
Effect of exchange rate changes	-	3,081	859	-	-	3,940
Balance at March 31, 2024	<u>\$ -</u>	<u>142,004</u>	<u>61,488</u>	<u>-</u>	<u>-</u>	<u>203,492</u>
Balance at January 1, 2023	\$ -	136,316	154,343	102,532	-	393,191
Depreciation	-	4,310	1,562	-	-	5,872
Disposals	-	-	(10,745)	-	-	(10,745)
Reclassification	-	(16,175)	-	-	-	(16,175)
Effect of exchange rate changes	-	515	468	-	-	983
Balance at March 31, 2023	<u>\$ -</u>	<u>124,966</u>	<u>145,628</u>	<u>102,532</u>	<u>-</u>	<u>373,126</u>
Carrying amounts:						
Balance at January 1, 2024	<u>\$ 193,588</u>	<u>349,730</u>	<u>17,557</u>	<u>-</u>	<u>-</u>	<u>560,875</u>
Balance at March 31, 2024	<u>\$ 193,588</u>	<u>350,981</u>	<u>16,586</u>	<u>-</u>	<u>-</u>	<u>561,155</u>
Balance at March 31, 2023	<u>\$ 193,588</u>	<u>367,910</u>	<u>17,933</u>	<u>-</u>	<u>229</u>	<u>579,660</u>

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

(Continued)

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

(i) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 18,169	50,381	2,594	71,144
Additions	-	14,679	-	14,679
Disposals	-	(1,072)	(1,186)	(2,258)
Effect of exchange rates changes	<u>1,370</u>	<u>349</u>	<u>7</u>	<u>1,726</u>
Balance at March 31, 2024	<u>\$ 19,539</u>	<u>64,337</u>	<u>1,415</u>	<u>85,291</u>
Balance at January 1, 2023	\$ 18,466	45,440	2,844	66,750
Additions	-	2,057	402	2,459
Disposals	-	(4,652)	(1,612)	(6,264)
Effect of exchange rate changes	<u>1,552</u>	<u>90</u>	<u>6</u>	<u>1,648</u>
Balance at March 31, 2023	<u>\$ 20,018</u>	<u>42,935</u>	<u>1,640</u>	<u>64,593</u>
Accumulated depreciation:				
Balance at January 1, 2024	\$ 1,932	14,517	1,252	17,701
Depreciation	113	4,916	298	5,327
Disposals	-	(850)	(985)	(1,835)
Effect of exchange rates changes	<u>936</u>	<u>104</u>	<u>7</u>	<u>1,047</u>
Balance at March 31, 2024	<u>\$ 2,981</u>	<u>18,687</u>	<u>572</u>	<u>22,240</u>
Balance at January 1, 2023	\$ 1,595	10,619	2,224	14,438
Depreciation	113	3,276	295	3,684
Disposals	-	(4,530)	(1,612)	(6,142)
Effect of exchange rates changes	<u>1,501</u>	<u>36</u>	<u>4</u>	<u>1,541</u>
Balance at March 31, 2023	<u>\$ 3,209</u>	<u>9,401</u>	<u>911</u>	<u>13,521</u>
Carrying amounts:				
Balance at January 1, 2024	<u>\$ 16,237</u>	<u>35,864</u>	<u>1,342</u>	<u>53,443</u>
Balance at March 31, 2024	<u>\$ 16,558</u>	<u>45,650</u>	<u>843</u>	<u>63,051</u>
Balance at March 31, 2023	<u>\$ 16,809</u>	<u>33,534</u>	<u>729</u>	<u>51,072</u>

(Continued)

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

(j) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024			
(Balance at March 31, 2024)	\$ 63,339	35,882	99,221
Balance at January 1, 2023	\$ -	-	-
Reclassification	<u>63,339</u>	<u>35,882</u>	<u>99,221</u>
Balance at March 31, 2023	<u>\$ 63,339</u>	<u>35,882</u>	<u>99,221</u>
Accumulated depreciation:			
Balance at January 1, 2024	\$ -	17,416	17,416
Depreciation	<u>-</u>	<u>352</u>	<u>352</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>17,768</u>	<u>17,768</u>
Balance at January 1, 2023	\$ -	-	-
Depreciation	<u>-</u>	<u>187</u>	<u>187</u>
Reclassification	<u>-</u>	<u>16,175</u>	<u>16,175</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>16,362</u>	<u>16,362</u>
Carrying amounts:			
Balance at January 1, 2024	<u>\$ 63,339</u>	<u>18,466</u>	<u>81,805</u>
Balance at March 31, 2024	<u>\$ 63,339</u>	<u>18,114</u>	<u>81,453</u>
Balance at March 31, 2023	<u>\$ 63,339</u>	<u>19,520</u>	<u>82,859</u>

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

(k) Intangible assets

	<u>Goodwill</u>	<u>Computer software</u>	<u>Patents</u>	<u>Customer relationship</u>	<u>Total</u>
Cost:					
Balance at January 1, 2024	\$ 98,273	21,029	12,822	81,942	214,066
Disposals	-	(3,261)	-	-	(3,261)
Effect of exchange rates changes	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>
Balance at March 31, 2024	<u>\$ 98,273</u>	<u>17,776</u>	<u>12,822</u>	<u>81,942</u>	<u>210,813</u>
Balance at January 1, 2023	\$ 98,273	16,731	12,822	81,942	209,768
Additions	<u>-</u>	<u>350</u>	<u>-</u>	<u>-</u>	<u>350</u>
Disposals	<u>-</u>	<u>(1,023)</u>	<u>-</u>	<u>-</u>	<u>(1,023)</u>
Effect of exchange rates changes	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>9</u>
Balance at March 31, 2023	<u>\$ 98,273</u>	<u>16,067</u>	<u>12,822</u>	<u>81,942</u>	<u>209,104</u>

(Continued)

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

	<u>Goodwill</u>	<u>Computer software</u>	<u>Patents</u>	<u>Customer relationship</u>	<u>Total</u>
Accumulated amortization:					
Balance at January 1, 2024	\$ -	10,160	2,244	13,941	26,345
Amortization	-	1,247	320	1,910	3,477
Disposals	-	(3,261)	-	-	(3,261)
Effect of exchange rates changes	-	8	-	-	8
Balance at March 31, 2024	<u>\$ -</u>	<u>8,154</u>	<u>2,564</u>	<u>15,851</u>	<u>26,569</u>
Balance at January 1, 2023	\$ -	6,035	962	6,300	13,297
Amortization	-	1,150	321	1,910	3,381
Disposals	-	(1,023)	-	-	(1,023)
Effect of exchange rates changes	-	8	-	-	8
Balance at March 31, 2023	<u>\$ -</u>	<u>6,170</u>	<u>1,283</u>	<u>8,210</u>	<u>15,663</u>
Carrying amounts:					
Balance at January 1, 2024	<u>\$ 98,273</u>	<u>10,869</u>	<u>10,578</u>	<u>68,001</u>	<u>187,721</u>
Balance at March 31, 2024	<u>\$ 98,273</u>	<u>9,622</u>	<u>10,258</u>	<u>66,091</u>	<u>184,244</u>
Balance at March 31, 2023	<u>\$ 98,273</u>	<u>9,897</u>	<u>11,539</u>	<u>73,732</u>	<u>193,441</u>

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

(l) Short-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured bank loans	\$ 100,056	53,695	130,885
Secured bank loans	98,438	80,904	79,757
	<u>\$ 198,494</u>	<u>134,599</u>	<u>210,642</u>
Unused credit facilities	<u>\$ 2,176,110</u>	<u>2,304,216</u>	<u>2,509,000</u>
Interest rate	0.95%~4%	0.95%~3.9%	1.87%~4.1%

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

(Continued)

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

(m) Long-term debt

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	\$ 20,000	50,000	80,000
Secured bank loans	-	-	608
Less: current portion of long-term debt	-	-	(608)
	<u>\$ 20,000</u>	<u>50,000</u>	<u>80,000</u>
Unused credit facilities	<u>\$ 400,000</u>	<u>400,000</u>	<u>50,000</u>
Interest rate	<u>1.95%</u>	<u>1.95%</u>	<u>1.825%~5.83%</u>
Maturity year	<u>2025~2026</u>	<u>2025~2026</u>	<u>2024~2026</u>

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

(n) Lease liabilities

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

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 17,794</u>	<u>13,500</u>	<u>10,896</u>
Non-current	<u>\$ 29,700</u>	<u>24,342</u>	<u>23,667</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2024	2023
Interest expense on lease liabilities	<u>\$ 309</u>	<u>188</u>
Expenses relating to short-term leases	<u>\$ 2,298</u>	<u>3,865</u>

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

	For the three months ended March 31,	
	2024	2023
Total cash outflows for leases	<u>\$ 7,462</u>	<u>8,324</u>

(Continued)

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

(i) Real estate leases

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

(ii) Other leases

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

(o) Employee benefits

For the three months ended March 31, 2024 and 2023, the Group recognized the pension expenses of \$5,781 and \$5,855, respectively, in relation to the defined contribution plans.

(p) Income taxes

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

	For the three months ended	
	March 31,	
	2024	2023
Income tax expense	\$ 3,357	5,266

(ii) For the three months ended March 31, 2024 and 2023, there was no income tax expense recognized directly in equity or other comprehensive income.

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

(q) Capital and other equity

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

(i) Common stock

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

(Continued)

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

(ii) Capital surplus

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Paid-in capital in excess of par value	\$ 275,225	275,225	275,225
Changes in ownership interests in subsidiaries	29	29	11
Employee stock options	7,354	7,354	7,354
Unclaimed dividends reclassified to capital surplus	107	107	107
Treasury share transactions	29,454	29,454	29,454
Others	<u>208</u>	<u>145</u>	<u>82</u>
	<u>\$ 312,377</u>	<u>312,314</u>	<u>312,233</u>

(iii) Retained earnings

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

The appropriations of cash dividends of 2023 and 2022 earnings were approved by the Company's Board of Directors on February 27, 2024 and March 1, 2023, respectively. The resolved appropriations of cash dividends were as follows:

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

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

(Continued)

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

(iv) Other equity items (net after tax)

	Foreign currency translation differences	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (42,567)	4,333	(38,234)
Foreign exchange differences arising from translation of foreign operations	12,372	-	12,372
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	(748)	(748)
Balance at March 31, 2024	<u>\$ (30,195)</u>	<u>3,585</u>	<u>(26,610)</u>
Balance at January 1, 2023	\$ (35,927)	-	(35,927)
Foreign exchange differences arising from translation of foreign operations	6,283	-	6,283
Balance at March 31, 2023	<u>\$ (29,644)</u>	<u>-</u>	<u>(29,644)</u>

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

	For the three months ended March 31,	
	2024	2023
Balance at January 1	\$ 95,384	89,338
Equity attributable to non-controlling interests		
Net income	1,386	1,051
Foreign exchange differences arising from translation of foreign operations	926	308
Unrealized losses on financial assets measured at fair value through other comprehensive income	(498)	-
Balance at March 31	<u>\$ 97,198</u>	<u>90,697</u>

(Continued)

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

(r) Earnings per share (“EPS”)

(i) Basic earnings per share

	For the three months ended March 31,	
	2024	2023
Net income attributable to shareholders of the Company	\$ 182	1,375
Weighted-average number of common shares outstanding (in thousands)	112,250	112,250
Basic earnings per share (in New Taiwan Dollar)	\$ 0.002	0.01

(ii) Diluted earnings per share

	For the three months ended March 31,	
	2024	2023
Net income attributable to shareholders of the Company	\$ 182	1,375
Weighted-average number of common shares outstanding (in thousands)	112,250	112,250
Effect of dilutive potential common shares:		
Effect of employee remuneration in stock	-	44
Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common shares)	112,250	112,294
Diluted earnings per share (in New Taiwan Dollar)	\$ 0.002	0.01

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2024	2023
Major products / services lines:		
Automation control	\$ 260,020	304,695
Mechanical transmission	206,187	226,187
Sales of semiconductor equipment consumables and equipment repair services	126,907	131,333
Energy management products	108,016	137,218
Others	1,278	707
	\$ 702,408	800,140

(Continued)

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

(ii) Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Notes and accounts receivable	\$ 937,942	943,021	973,921
Less: loss allowance	<u>(23,226)</u>	<u>(22,310)</u>	<u>(31,572)</u>
	<u>\$ 914,716</u>	<u>920,711</u>	<u>942,349</u>
Contract assets	<u>\$ 1,285</u>	<u>812</u>	<u>4,006</u>
Contract liabilities — advance receipts	<u>\$ 49,849</u>	<u>44,252</u>	<u>80,754</u>

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

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

The amounts of revenue recognized for the three months ended March 31, 2024 and 2023, which were included in the contract liabilities balance at the beginning of the period, were \$14,758 and \$52,966, respectively.

(t) Remuneration to employees and directors

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

For the three months ended March 31, 2024 and 2023, the Company accrued its remuneration to employees amounting to \$11 and \$73, respectively, and the remuneration to directors amounting to \$2 and \$15, respectively. The estimated amounts mentioned above are calculated based on the income before income tax of each period (excluding the remuneration to employees and directors), multiplied by the proposed percentage of remuneration to employees and directors and are recognized as operating expenses. The difference between accrual and actual payment, if any, will be accounted for as change in accounting estimate and be recognized in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

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

(Continued)

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

(u) Non-operating income and loss

(i) Interest income

	For the three months ended March 31,	
	2024	2023
Interest income from bank deposits	\$ 270	174
Interest income from financial assets measured at amortized cost	28	23
Others	13	34
	\$ 311	231

(ii) Other income

	For the three months ended March 31,	
	2024	2023
Payables and advance receipts reclassified to income	\$ 885	-
Miscellaneous income	2,571	2,647
	\$ 3,456	2,647

(iii) Other gains and losses

	For the three months ended March 31,	
	2024	2023
Losses on lease modifications	\$ (13)	-
Foreign currency exchange gains, net	3,929	2,573
Losses on financial instruments at fair value through profit or loss	(5,186)	(3,161)
Gains (losses) on disposal of property, plant and equipment	918	(269)
Gains on liquidation of subsidiaries	4,360	-
Others	(39)	(43)
	\$ 3,969	(900)

(iv) Finance costs

	For the three months ended March 31,	
	2024	2023
Interest expense on bank loans	\$ (1,191)	(2,041)
Interest expense on lease liabilities	(309)	(188)
	\$ (1,500)	(2,229)

(Continued)

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

(v) Financial instruments

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

(i) Categories of financial instruments

1) Financial assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial assets at fair value through profit or loss—current	\$ 4	1,730	297
Financial assets at fair value through other comprehensive income—non-current	7,409	8,655	1,434
Financial assets measured at amortized cost:			
Cash and cash equivalents	438,710	391,843	466,591
Financial assets measured at amortized cost (including current and non-current)	4,365	4,211	9,177
Notes and accounts receivable	914,716	920,711	942,349
Other receivables	9,858	5,241	13,861
Refundable deposits	20,048	20,894	19,108
	<u>\$ 1,395,110</u>	<u>1,353,285</u>	<u>1,452,817</u>

2) Financial liabilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial liabilities at fair value through profit or loss—current	\$ 583	40	276
Financial liabilities measured at amortized cost:			
Short-term borrowings	198,494	134,599	210,642
Notes and accounts payable	339,646	364,024	415,141
Other payables	107,878	127,005	108,593
Cash dividends payable	33,675	-	56,125
Lease liabilities (including current and non-current)	47,494	37,842	34,563
Long-term debt (including current portion)	20,000	50,000	80,608
	<u>\$ 747,770</u>	<u>713,510</u>	<u>905,948</u>

(Continued)

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

(ii) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

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

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

	March 31, 2024				
	Carrying amount	Fair Value			Total
Level 1		Level 2	Level 3		
Financial assets at fair value through profit or loss:					
Derivatives – foreign currency forward contracts	\$ <u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>
Financial liabilities at fair value through profit or loss:					
Derivatives – foreign currency forward contracts	\$ (393)	-	(393)	-	(393)
Derivatives – foreign exchange swaps	<u>(190)</u>	<u>-</u>	<u>(190)</u>	<u>-</u>	<u>(190)</u>
	<u>\$ (583)</u>	<u>-</u>	<u>(583)</u>	<u>-</u>	<u>(583)</u>
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	\$ <u>7,409</u>	<u>-</u>	<u>-</u>	<u>7,409</u>	<u>7,409</u>

(Continued)

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

	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivatives – foreign currency forward contracts	\$ 459	-	459	-	459
Derivatives – foreign exchange swaps	<u>1,271</u>	<u>-</u>	<u>1,271</u>	<u>-</u>	<u>1,271</u>
	<u>\$ 1,730</u>	<u>-</u>	<u>1,730</u>	<u>-</u>	<u>1,730</u>
Financial liabilities at fair value through profit or loss:					
Derivatives – foreign currency forward contracts	<u>\$ (40)</u>	<u>-</u>	<u>(40)</u>	<u>-</u>	<u>(40)</u>
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	<u>\$ 8,655</u>	<u>-</u>	<u>-</u>	<u>8,655</u>	<u>8,655</u>
	March 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivatives – foreign currency forward contracts	\$ 194	-	194	-	194
Derivatives – foreign exchange swaps	<u>103</u>	<u>-</u>	<u>103</u>	<u>-</u>	<u>103</u>
	<u>\$ 297</u>	<u>-</u>	<u>297</u>	<u>-</u>	<u>297</u>
Financial liabilities at fair value through profit or loss:					
Derivatives – foreign currency forward contracts	\$ (215)	-	(215)	-	(215)
Derivatives – foreign exchange swaps	<u>(61)</u>	<u>-</u>	<u>(61)</u>	<u>-</u>	<u>(61)</u>
	<u>\$ (276)</u>	<u>-</u>	<u>(276)</u>	<u>-</u>	<u>(276)</u>
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	<u>\$ 1,434</u>	<u>-</u>	<u>-</u>	<u>1,434</u>	<u>1,434</u>

(Continued)

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

3) Valuation techniques and assumptions used in fair value measurement

a) Non-derivative financial instruments

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

b) Derivative financial instruments

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

4) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the three months ended March 31, 2024 and 2023.

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

Financial assets at fair value through other comprehensive income:

	For the three months ended March 31,	
	2024	2023
Balance at January 1	\$ 8,655	1,434
Recognized in other comprehensive loss	(1,246)	-
Balance at March 31	\$ 7,409	1,434

(iii) Credit risk

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

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of March 31, 2024, December 31 and March 31, 2023, the Group had unused credit facilities of \$2,576,110, \$2,704,216 and \$2,559,000, respectively.

(Continued)

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

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

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
March 31, 2024					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 199,365	199,365	-	-	-
Notes and accounts payable	339,646	339,646	-	-	-
Other payables	107,878	107,878	-	-	-
Cash dividends payable	33,675	33,675	-	-	-
Lease liabilities (including current and non-current)	49,101	18,725	16,184	14,192	-
Long-term debt (including current portion)	20,655	402	20,253	-	-
	<u>\$ 750,320</u>	<u>699,691</u>	<u>36,437</u>	<u>14,192</u>	<u>-</u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 113,971	113,971	-	-	-
Inflow	(113,582)	(113,582)	-	-	-
Foreign exchange swaps:					
Outflow	154,025	154,025	-	-	-
Inflow	(153,835)	(153,835)	-	-	-
	<u>\$ 579</u>	<u>579</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 135,353	135,353	-	-	-
Long-term debt (including current portion)	52,126	1,004	975	50,147	-
Notes and accounts payable	364,024	364,024	-	-	-
Other payables	127,005	127,005	-	-	-
Lease liabilities (including current and non-current)	39,304	14,287	10,914	14,103	-
	<u>\$ 717,812</u>	<u>641,673</u>	<u>11,889</u>	<u>64,250</u>	<u>-</u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 128,328	128,328	-	-	-
Inflow	(128,747)	(128,747)	-	-	-
Foreign exchange swaps:					
Outflow	181,772	181,772	-	-	-
Inflow	(183,043)	(183,043)	-	-	-
	<u>\$ (1,690)</u>	<u>(1,690)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
March 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 211,905	211,905	-	-	-
Notes and accounts payable	415,141	415,141	-	-	-
Other payables	108,593	108,593	-	-	-
Cash dividends payable	56,125	56,125	-	-	-
Lease liabilities (including current and non-current)	35,927	11,501	8,075	16,351	-
Long-term debt (including current portion)	<u>84,082</u>	<u>2,143</u>	<u>31,114</u>	<u>50,825</u>	<u>-</u>
	<u>\$ 911,773</u>	<u>805,408</u>	<u>39,189</u>	<u>67,176</u>	<u>-</u>
Derivative financial instruments:					
Foreign currency forward contracts:					
Outflow	\$ 172,617	172,617	-	-	-
Inflow	(172,596)	(172,596)	-	-	-
Foreign exchange swaps:					
Outflow	208,368	208,368	-	-	-
Inflow	<u>(208,410)</u>	<u>(208,410)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (21)</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

(v) Foreign currency risk

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

March 31, 2024					
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD (in thousands)</u>	<u>Change in magnitude</u>	<u>Effect on profit or loss (in thousands)</u>
Financial assets					
<u>Monetary items</u>					
CNY	\$ 35,001	4.4296	155,040	1 %	1,550
USD	4,367	32.00	139,744	1 %	1,397
JPY	3,374	0.2115	714	1 %	7
Financial liabilities					
<u>Monetary items</u>					
USD	\$ 4,398	32.00	140,736	1 %	1,407
JPY	23,642	0.2115	5,000	1 %	50

(Continued)

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

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

March 31, 2023					
	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
<u>Financial assets</u>					
<u>Monetary items</u>					
CNY	\$ 47,636	4.4377	211,394	1 %	2,114
USD	5,803	30.48	176,875	1 %	1,769
JPY	35,981	0.2286	8,225	1 %	82
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$ 5,505	30.48	167,792	1 %	1,678
JPY	15,653	0.2286	3,578	1 %	36

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were disclosed in an aggregate amount. Please refer to note 6(u) for the aggregate amount of realized and unrealized foreign exchange gain (loss) for the three months ended March 31, 2024 and 2023.

(w) Financial risk management

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

(x) Capital management

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

(Continued)

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

(y) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2024	Cash flows	Non-cash changes			March 31, 2024
			Effect of foreign exchange rate	Additions to lease liabilities	Disposals of lease liabilities	
Short-term borrowings	\$ 134,599	60,648	3,247	-	-	198,494
Long-term debt (including current portion)	50,000	(30,000)	-	-	-	20,000
Lease liabilities	37,842	(4,855)	238	14,679	(410)	47,494
Total liabilities from financing activities	<u>\$ 222,441</u>	<u>25,793</u>	<u>3,485</u>	<u>14,679</u>	<u>(410)</u>	<u>265,988</u>

	January 1, 2023	Cash flows	Non-cash changes			March 31, 2023
			Effect of foreign exchange rate	Additions to lease liabilities	Disposals of lease liabilities	
Short-term borrowings	\$ 229,235	(19,804)	1,211	-	-	210,642
Long-term debt (including current portion)	100,653	(20,055)	10	-	-	80,608
Lease liabilities	36,453	(4,271)	46	2,459	(124)	34,563
Total liabilities from financing activities	<u>\$ 366,341</u>	<u>(44,130)</u>	<u>1,267</u>	<u>2,459</u>	<u>(124)</u>	<u>325,813</u>

7. Related-party transactions

(a) Parent company and ultimate controlling party

DFI Inc. (“DFI”) is the parent company of the Company and owns 48.06% of the outstanding shares of the Company as of March 31, 2024 and 2023. Qisda Corporation (“Qisda”) is the ultimate controlling party of the Group. DFI and Qisda have issued the consolidated financial statements for public use.

(b) Name and relationship with related parties

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

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

(Continued)

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

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

(c) Significant related-party transactions

(i) Revenue

	For the three months ended March 31,	
	2024	2023
Ultimate controlling party	\$ 2,316	3,213
Other related parties	17,150	17,610
	\$ 19,466	20,823

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

(Continued)

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

(ii) Purchases

	For the three months ended March 31,	
	2024	2023
Parent company	\$ 387	5,149
Other related parties	939	135
	\$ 1,326	5,284

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

(iii) Receivables from related parties

Account	Related-party categories	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	Ultimate controlling party	\$ 1,796	840	2,812
	Parent company	-	606	-
	Other related parties	18,596	21,253	18,930
Other receivables	Other related parties	70	112	-
		\$ 20,462	22,811	21,742

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Related-party categories	March 31, 2024	December 31, 2023	March 31, 2023
Notes and accounts payable	Parent company	\$ 338	131	4,550
	Other related parties	623	442	-
Other payables	Ultimate controlling party	93	199	93
	Parent company	700	700	1,287
	Other related parties	634	902	624
Dividends payable	Parent company	16,187	-	26,979
		\$ 18,575	2,374	33,533

(Continued)

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

(v) Lease

The Group leased office premise from Qisda and the rental rate is determined by reference to the nearby office rental rates and the rent is paid monthly. For the three months ended March 31, 2024, additions to right-of-use assets amounted to \$1,268. For the three months ended March 31, 2024 and 2023, the related interest expenses on lease liabilities amounted to \$11 and \$3, respectively. As of March 31, 2024, December 31 and March 31, 2023, the balances of the lease liabilities amounted to \$1,633, \$482 and \$579, respectively.

The Group leased its office premise to related parties. For the three months ended March 31, 2024 and 2023, the rental income amounted to \$852 and \$429, respectively, and was classified as other income.

(d) Compensation for key management personnel

	For the three months ended March 31,	
	2024	2023
Short-term employee benefits	\$ 2,380	3,490
Post-employment benefits	43	51
	\$ 2,423	3,541

8. Pledged assets

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

Pledged assets	Pledged to secure	March 31, 2024	December 31, 2023	March 31, 2023
Pledged time deposits (classified as financial assets measured at amortized cost — current)	Customs guarantee	\$ 1,000	1,000	1,616
Other equipment	Long-term debt	-	-	152
Notes receivable	Short-term borrowings	98,438	80,904	79,757
Property, plant and equipment	Guarantee for procurement	23,296	24,146	30,197
		\$ 122,734	106,050	111,722

(Continued)

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

9. Significant commitments and contingencies

As of March 31, 2024, December 31 and March 31, 2023, the Group had issued promissory notes amounting to \$2,212,000, \$2,305,750 and \$2,284,880, respectively, as collateral for obtaining credit facilities from financial institutions.

10. Significant losses due to major disasters: None

11. Significant subsequent events: None

12. Others:

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

	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	-	87,522	87,522	-	81,912	81,912
Insurance	-	9,808	9,808	-	10,211	10,211
Pension	-	5,781	5,781	-	5,855	5,855
Others	-	3,039	3,039	-	2,863	2,863
Depreciation	49	11,136	11,185	91	9,652	9,743
Amortization	-	3,477	3,477	-	3,381	3,381

(b) Seasonality operations

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

(Continued)

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

13. Additional disclosures

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

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

(Continued)

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

14. Segment information

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

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

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

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

	For the three months ended March 31, 2024						
	Taiwan	Mainland China	Sales of semiconductor equipment consumables and equipment repair services	Energy saving and storage	Others	Adjustments and eliminations	Total
External revenue	\$ 227,848	239,637	126,907	108,016	-	-	702,408
Intra-group revenue	-	15,684	1,134	-	-	(16,818)	-
Total segment revenue	<u>\$ 227,848</u>	<u>255,321</u>	<u>128,041</u>	<u>108,016</u>	<u>-</u>	<u>(16,818)</u>	<u>702,408</u>
Segment profit (loss)	<u>\$ (3,707)</u>	<u>(8,949)</u>	<u>6,576</u>	<u>8,470</u>	<u>5,089</u>	<u>(2,554)</u>	<u>4,925</u>

	For the three months ended March 31, 2023						
	Taiwan	Mainland China	Sales of semiconductor equipment consumables and equipment repair services	Energy saving and storage	Others	Adjustments and eliminations	Total
External revenue	\$ 235,001	296,531	131,333	137,218	57	-	800,140
Intra-group revenue	336	14,025	1,050	-	-	(15,411)	-
Total segment revenue	<u>\$ 235,337</u>	<u>310,556</u>	<u>132,383</u>	<u>137,218</u>	<u>57</u>	<u>(15,411)</u>	<u>800,140</u>
Segment profit (loss)	<u>\$ 2,166</u>	<u>(15,071)</u>	<u>5,470</u>	<u>16,252</u>	<u>(270)</u>	<u>(855)</u>	<u>7,692</u>

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Financing provided to other parties
For the three months ended March 31, 2024
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 1

No.	Financing Company	Counter-Party	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Drawdown Amounts	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
0	The Company	Tianjin Ace Pillar	Other receivables from related parties	Yes	199,332	199,332	155,036	0%	2	-	Operating requirement	-	-	-	389,414	778,827
0	The Company	Suzhou Super Pillar	Other receivables from related parties	Yes	87,796	57,585	-	0%	2	-	Operating requirement	-	-	-	389,414	778,827
1	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	22,400	22,400	22,400	0%	2	-	Operating requirement	-	-	-	540,864	540,864
2	Porton Inc.	Tianjin Ace Pillar	Other receivables from related parties	Yes	12,800	12,800	12,800	0%	2	-	Operating requirement	-	-	-	417,284	417,284

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

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

Note 3: Nature of Financing

- 1 Business transaction purpose
- 2 Short-term financing purpose

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES

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

March 31, 2024

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

Table 2

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	March 31, 2024				Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair value	
STC	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income – non-current	27	Note 1	1.36%	-	-
STC	Stock: COMPITEK CORP PTE LTD. (CPL)	-	Financial assets at fair value through other comprehensive income – non-current	36	7,409	6.28%	7,409	-
STCBVI	Corporate bond: Biogen Inc.	-	Financial assets at amortized cost – non-current	USD 100	3,365	-	3,365	-

Note 1: The impairment loss was fully recognized.

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Receivables from related parties which exceed \$100 million or 20% of the paid-in capital
March 31, 2024
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 3

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate Amount	Overdue		Amounts Received in Subsequent Period	Loss Allowance
					Amount	Action Taken		
The Company	Tianjin Ace Pillar	Parent/Subsidiary	155,036	-	-	-	-	-

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Business relationships and significant intercompany transactions
For the three months ended March 31, 2024
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 4

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
				Financial Statements Account	Amount (Note 3)	Payment Terms	Percentage of Consolidated Operating Revenue or Total Assets (Note 4)
0	The Company	Tianjin Ace Pillar	1	Other receivables—loans	155,036	1 year	5.22%
1	Advancedtek Ace	Tianjin Ace Pillar	3	Revenue	13,982	T/T 30 days	1.99%

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

1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: The relationships with counterparties are as follows:

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

Note 3: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated operating revenue or total assets.

The corresponding purchases and accounts payables are not disclosed.

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

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland China)
For the three months ended March 31, 2024
(Amounts in thousands of New Taiwan dollars / shares, unless specified otherwise)

Table 5

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note)		Balances as of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit/ (Loss) of the Investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
The Company	Cyber South	SAMOA	Investment and holding activity	107,041	107,041	4,669	100.00%	540,864	(2,544)	(2,910)	Note 1
The Company	Hong Kong Ace Pillar	Hong Kong	Sales of automation mechanical transmission system and component	-	5,120	-	-	-	-	-	Note 4
Cyber South	Proton	SAMOA	Investment and holding activity	527,665	527,665	17,744	100.00%	417,284	(9,012)	Note 2	Note 1
Cyber South	Ace Tek	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	2,833	180	Note 2	Note 1
The Company	STC	Taiwan	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	187,000	187,000	6,084	60.00%	221,498	4,809	2,065	Note 1
STC	STCBVI	B.V.I.	Investment and holding activity	21,727	21,727	600	100.00%	100,307	1,720	Note 2	Note 1
The Company	AEG	Taiwan	Energy technology service	166,760	166,760	4,993	99.86%	212,825	6,589	6,580	Note 1
AEG	BlueWalker GmbH	Germany	Sales and service of energy management products	138,804	138,804	Note 3	100.00%	177,915	5,648	Note 2	Note 1

Note: Original investment amounts include capitalization of retained earnings.

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

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

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

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

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Information on investment in Mainland China
For the three months ended March 31, 2024
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 6

1. Information on investments in Mainland China:

Name of Investee	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 3)	Carrying Value as of March 31, 2024	Accumulated Inward Remittance of Earnings as of March 31, 2024
					Outflow	Inflow						
Tianjin Ace Pillar	Sales of automation mechanical transmission system and component	1,129,504 (USD 35,297)	Direct and indirect investment	62,400 (USD 1,950)	-	-	62,400 (USD 1,950)	(10,696)	100.00%	(10,696)	493,504	125,533
Grace Transmission	Manufacture of automation mechanical transmission system and component	-	Indirect investment	5,120 (USD 160)	-	-	5,120 (USD 160)	-	Note 5	-	-	-
Advancedtek Ace	Electronic system integration	9,600 (USD 300)	Indirect investment	4,800 (USD 150)	-	-	4,800 (USD 150)	180	100.00%	180 (USD 6)	2,805 (USD 88)	-
Suzhou Super Pillar	Manufacture and technology service of automation mechanical transmission system and control products	46,400 (USD 1,450)	Indirect investment	Note 2	-	-	Note 2	1,539	100.00%	1,539 (USD 49)	111,473 (USD 3,484)	-
Shanghai STC	Sales of semiconductor, optoelectronics and machinery equipment and equipment repair	15,360 (USD 480)	Indirect investment	15,360 (USD 480)	-	-	15,360 (USD 480)	1,696	100.00%	1,696	96,709	150,067

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

Note 2: Established by Cyber South's reinvestment.

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

Note 4: The amounts were translated into New Taiwan dollars at the exchange rates of US\$1=NT\$32 and CN¥1=NT\$4.4296.

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

2. Limits on investments in Mainland China:

Company Name	Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
ACE	163,808 (USD 5,119)	163,808 (USD 5,119)	1,226,560
STC	15,360 (USD 480)	15,360 (USD 480)	116,626

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

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

Note 2: The amounts were translated into New Taiwan dollars at the exchange rates of US\$1=NT\$32.

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

3. Significant transactions with investee companies in Mainland China:

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

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