

Stock Code : 3605



ACES ELECTRONICS CO., LTD.

2023 Annual Shareholders' Meeting

Meeting Handbook

June 27, 2023

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ACES ELECTRONICS CO., LTD.

2023 Annual Shareholders' Meeting

Meeting Procedure

- 1. Call the Meeting to Order**
- 2. Chairman Remarks**
- 3. Report Items**
- 4. Proposals Items**
- 5. Discussion Items**
- 6. Extemporaneous Motions**
- 7. Adjournment**

ACES ELECTRONICS CO., LTD.
2023 Annual Shareholders' Meeting
Meeting Agenda

Type of Meeting: Physical Meeting

Time: June 27, 2023 (Tuesday) at 9:00 am

Location: 3F, No. 398, Minquan Road, Zhongli District, Taoyuan City
(Peach Blossom Hall, Kuva Chateau Hotel)

I. Report on attending shares of shareholders and call the Meeting to Order

II. Chairman Remarks

III. Report Items

1. 2022 Business Report
2. Audit Committee's Review Report on the 2022 Financial Statements
3. Report on the 2022 Employees' and Directors' Remuneration Distribution
4. Cash Dividend Distribution Report of 2022 Earnings Distribution

IV. Proposals Items

1. Adoption of 2022 Business Report and Financial Statements
2. Adoption of the Proposal for Distribution of 2022 Profits

V. Discussion Items

1. Amendment to the Articles of Incorporation

VI. Extemporaneous Motions

VII. Adjournment

Report Items

1. 2022 Business Report

Explanation : For the business report, please refer to Appendix 1 on page 6-7 of this handbook.

2. Audit Committee's Review Report on the 2022 Financial Statements

Explanation : For Audit Committee's Review Report, please refer to Appendix 2 on page 8 of this handbook.

3. Report on the 2022 Employees' and Directors' Remuneration Distribution

Explanation : The Board of Directors meeting on March 24, 2023 approved the employees' remuneration totaling NT\$10,776,341 and the Directors' remuneration totaling NT\$6,408,091 for 2022, both are paid in cash.

4. Cash dividend distribution report of 2022 Earnings Distribution

Explanation :

4.1. In accordance with Article 25 of the Articles of Incorporation, the Board of Directors is authorized to make a resolution to distribute all or part of the dividends and bonuses in cash, and report to the shareholders' meeting.

4.2. The Board of Directors meeting on March 24, 2023 approved the earning distribution for the year of 2022. Cash dividends of NT\$73,929,740 will be distributed, and a dividend of NT\$0.55 per share. The cash dividends will be calculated to nearest NT dollars, and the balance decimal numbers would be counted in the Company's other income.

4.3. If there is a subsequent change in the number of outstanding shares of the Company, resulting in a change in the dividend rate, it is proposed that the chairman be authorized to adjust it; and it is proposed that the Chairman be authorized to resolve the ex-dividend date, distribution date, or other related matters.

Proposals Items

1. Adoption of 2022 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation:

- 1.1. The Company's 2022 Financial Statements was reviewed and certified by Lin Heng-Sheng and Chen Zheng-Xue, accountants at CPA firm of KPMG, and an audit report has been issued. And it's proposed to be submitted with the Business Report to the annual shareholders meeting for approval.
- 1.2. For the 2022 Business Report, Independent Auditors' Report and Financial Statements, please refer to Appendix 1 on page 6~7 and Appendix 3 on page 9~24 of this handbook.
- 1.3. The proposal is submitted for Ratification.

Resolution:

2. Adoption of the Proposal for Distribution of 2022 Profits. (Proposed by the Board of Directors)

Explanation:

- 2.1. The 2022 profit distribution proposal has been approved by the Board of Directors and sent to the Audit Committee for review.
- 2.2. For the 2022 Profit Distribution Table, please refer to Appendix 4 on page 25 of this handbook.
- 2.3. The proposal is submitted for Ratification.

Resolution:

Discussion Items

1 、 Amendment to the Articles of Incorporation. (Proposed by the Board of Directors)

Explanation:

1. In response to the Company's business needs, the Company hereby proposes to amend the "Articles of Incorporation" to add new business items.
2. For the Comparison Table of Amendment of "Articles of Incorporation", please refer to Appendix 5 on page 26 of this handbook.
3. The proposal is submitted for discussion.

Resolution:

Extemporary Motions

Adjournment

Annex 1.

ACES ELECTRONICS CO., LTD.

2022 Business Report

First of all, on behalf of the management team of ACES Electronics Co., Ltd., I would like to express our sincere gratitude for all shareholders for the unwavering support and concern for the company over the years. Looking back on the past year, the global economic trend and the electronics industry have undergone drastic changes due to inflation caused by the Ukrainian-Russian War and the rapid rise in U.S. dollar interest rates, the increased demand for servers due to the growth of 5G communication transmission, and the advancement of automotive electronics which is driven by the development of electric vehicles.

In response to changes in the industry, the Company has gradually shifted our focus from traditional product design and production to joint design and development of systems and modules with customers in the development layout of connectors and connecting lines; at the same time, by integrating the technical capabilities of the group, we aim to acquire more growth momentum in the future. This transformation will have a significant impact on our future industrial competitiveness.

Looking ahead, the global macro economy is predicted to remain fluctuating drastically this year. The Company will pay close attention to changes in the industrial environment, face the challenges prudently, and continue to enhance market competitiveness in the future.

In terms of implementation results of the business plan

In terms of consolidated financial statements for 2022, the consolidated net operating revenue was NT\$10.393 billion, the consolidated operation net income was NT\$56.75 million, the consolidated net pre-tax income was NT\$315 million, and the consolidated net income for the current period was NT\$225 million (attributed to the net income of the parent company's shareholders), converted into basic after-tax earnings per share with NT\$1.68.

Unit: NT\$ Thousands

Item	2022	2021	YoY Growth/Decrease Rate
Consolidated Net Revenue from Operations	10,392,504	10,575,862	-1.73%
Consolidated Profit from Operations	56,747	514,003	-88.96%
Consolidated Profit before Income Tax	315,063	588,913	-46.50%
Consolidated Profit for the year	223,333	508,171	-56.05%
Net Profit Attributable to Shareholders of the Parent	225,319	510,855	-55.89%

The Company did not formally prepare financial forecasts for 2022. However, based on the Company's internal operating plan, the actual shipment amount for 2022 achieved 75% of the original target, and the overall revenue decreased by 2% compared to the previous year.

In terms of financial balance and profitability

Item	2022	2021	
Return on Assets	2.28%	4.72%	
Return on Equity	4.04%	10.21%	
Profit Ratio of Paid up Capital	Profit from Operations	4.22%	38.24%
	Profit before Income Tax	23.43%	43.81%
Net Profit Margin	2.16%	4.83%	
Earnings per Share (NT\$)	1.68	4.16	

In terms of research and development

In response to market demand trends, in terms of connector development, the Company continues to develop high-end connectors with fine-pitch, low-profile, high-frequency, and high-power. In terms of cable development, the Company is focusing on high-speed transmission cables for server internal cables and data center external cables, as well as the assemblies of professional cables with high current and high power for industrial use. The Company has rapid development capabilities in product R&D and design, which shortens product development time, and can provide customized connectors and cable products according to customer needs; meanwhile, with the support of the overseas marketing network, the Company promotes new designs and new products to large international customers to meet their comprehensive needs and continue to achieve high growth goals.

This year's business plan, business policy and future outlook

The Company has always adhered to the concept of "knowledge, vision, value, attitude, commitment, and execution", operates with integrity, and strives to improve the operating efficiency of the group. In order to meet the needs of long-term strategic development, we integrate the group resources and operate in four business groups, promote the maximum output value and efficiency of each business group, and focus on overseas markets and the mainland market. The Company's overseas sales bases cover the United States, Japan, Germany, the United Kingdom, India, Singapore and other regions, providing connectors, cables, electromagnetic shielding covers, internal mechanism components of electronic products, external casings of system equipment, and product assembly and testing services, among other products and services that required by consumer electronics, automotive electronics, cloud servers, and industrial control industries. We aim to increase the added value of technology and production, and enhance the growth momentum. In terms of production and manufacturing, the Company has built a research and development headquarters building in Taoyuan, Taiwan for long-term development since April 2022. It is currently under construction. In the future, we will expand Taiwan's production capacity and enhance the group's competitiveness. The Company has also established strong production capacity in Asia with manufacturing factories located in Taiwan, mainland China (Kunshan, Dongguan, Ningbo), Philippine and Vietnam. We will continue to implement the process lean plan and optimize the cost structure by increasing the proportion of automated production, and strive to reach the goal of becoming the preferred supplier for international customers.

Looking forward to this year (2023), we are still facing a market environment full of variables and fierce competition. The Company will continue to adopt a pragmatic attitude, face future challenges prudently, maintain our existing competitive advantages, and strive to achieve this year's operational growth goals. We hope to gradually become a leading brand in the connectivity industry in the future.

Finally, we hope that all shareholders can continue to give encouragement and guidance to the management team by upholding the love and support for the Company in the future.

Wishing you all good health and all the best.

Chairman: Yuan Wan-Ting
General Manager: Yang Tsung-Lin
Accounting Supervisor: Lee Shu-Yun

Annex 2.

**ACES ELECTRONICS CO., LTD.
Audit Committee's Review Report**

The Board of Directors has submitted the Company's 2022 business report, financial statements, and proposal for profit distribution, in which the financial statements were audited by CPAs Lin Heng-Sheng and Chen Zheng-Xue of KPMG, and an audit report has been issued. The business report referred to in the preceding paragraph, financial statement and proposal for profit distribution have been completed the deliberation by the Audit Committee and found there is no discrepancy. Reported above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, please verify.

Sincerely,

The 2023 Annual Shareholders' Meeting of the Company

Audit Committee Convener: Liaw Dar-Lii

March 24, 2023

Annex 3.

Independent Auditors' Report

To the Board of Directors of ACES Electronics Co., Ltd.:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the ACES Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Description of key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue Recognition

Please refer to Notes 4(15) to the consolidated financial statements for the accounting policy on operating revenue; and refer to Notes 6(20) for disclosures relating to revenue.

Description of key audit matter:

ACES Groups engage mainly in processing, manufacturing and sales of connectors, connector sets and other electronic components. Sales revenue is one of the key matters to the financial statements. Therefore, the assessment for recognition of sales revenue is one of the key evaluation matter when we audit the Groups' financial statements.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included:

- We inspected whether the Company's revenue recognition policies are in accordance with relevant guidelines.
- We tested the design of internal control process and its efficiency of execution for sales revenue.
- We focused on the top 10 clients, compared differences in numbers on the same period of the previous year, and checked if there's any significant abnormality.
- We selected sales transaction samples from a certain period before and after the end of current year, and examined revenue transaction records with vouchers arising from appropriate time period.
- We assessed if there is any significant sales return and discount after the balance sheet date.

2. Valuation of inventory

Please refer to Notes 4(8) to the consolidated financial statements for the accounting policy on inventory valuation, Notes 5(1) for accounting estimates and assumptions of inventory, and Notes 6(4) for disclosure disclosures relating to inventory.

Description of key audit matter:

Inventory is valued at the lower of cost or net realizable value ACES Groups mainly produces electronic products such as high precision connectors and connector sets which are affected by the fast change of technology and updates of manufacturing technique; its product sales might have tremendous fluctuation which may cause the cost of inventory to be higher than its net realizable value. Therefore, the assessment for inventory valuation is one of the key evaluation matter when we audit the Groups' financial statements.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included:

- We assessed the inventory aging report, and analyzed changes in the inventory aging report from the previous to current year.
- We tested samples provided by the ACES Group on inventory valued at the lower of cost and net realizable value.
- We understand the selling prices adopted by the management of the Group, and use it to assess the reasonableness of inventory net realizable value.
- We assessed if the inventory valuation is recorded according to the accounting policies of the Group.

Other matter

ACES Electronics Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities

Issuers and with the IFRS, IAS, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (inclusive of the Audit Committee) from ACES Electronics Co., Ltd and its subsidiaries are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACES Group and its subsidiaries' internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ACES Electronics Co., Ltd. and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the ACES Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence regarding the financial information of the entities

or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Lin, Heng-Shen and Chen, Zheng-Xue.

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2023

ACES ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

		<u>December 31, 2022</u>		<u>December 31, 2021</u>				<u>December 31, 2022</u>		<u>December 31, 2021</u>	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets :						Current liabilities :					
1100	Cash and cash equivalents (Note 6(1))	\$ 2,418,492	18	2,567,895	20	2100	Short-term borrowings (Note 6(11) and 8)	\$ 1,428,562	11	1,044,234	8
1110	Financial assets at fair value through profit or loss - current (Note 6(2) and 13)	62	-	99,988	1	2150	Notes payable	518	-	1,599	-
1150	Notes receivable, net (Note 6(3) and 20)	82,493	1	61,357	-	2170	Accounts payable	1,623,419	13	1,919,968	15
1170	Accounts receivable, net (Note 6(3) and 20)	2,476,073	19	2,794,076	22	2180	Accounts payable to related parties (Note 7)	327	-	480	-
1180	Net trade receivable from related parties (Note 6(3), 20, and 7)	23,553	-	-	-	2200	Other payables (Note 6(6))	1,012,818	8	1,126,058	9
1200	Other receivables (Note 6(3))	196,900	2	135,941	1	2220	Other payables to related parties (Note 7)	2,823	-	2,501	-
1310	Inventories (Note 6(4))	1,453,691	11	1,663,434	13	2280	Lease liabilities - current (Note 6(14) and 7)	47,039	-	67,134	1
1410	Prepayments	141,154	1	106,453	1	2230	Current tax liabilities (Note 6(16))	56,365	-	49,901	-
1470	Other current assets (Note 6(1))	205,278	2	165,840	1	2322	Current installments of long-term borrowings (Note 6(12) and 8)	1,119,167	9	240,286	2
		<u>6,997,696</u>	<u>54</u>	<u>7,594,984</u>	<u>59</u>	2399	Other current liabilities - others	101,018	1	91,726	1
								<u>5,392,056</u>	<u>42</u>	<u>4,543,887</u>	<u>36</u>
Non-current assets :						Non-current liabilities :					
1510	Financial assets at fair value through profit or loss - non-current (Note 6(2))	163,651	1	168,662	1	2530	Bonds payable (Note 6(13))	555,906	4	535,452	4
1535	Financial assets at amortized cost-non-current (Note 6(2))	220,400	2	217,200	2	2540	Long-term borrowings (Note 6(12) and 8)	660,121	5	1,523,286	12
1550	Investments in equity-accounted investees (Note 6(5))	447,170	3	448,799	3	2570	Deferred tax liabilities (Note 6(16))	317,009	3	301,967	2
1600	Property, plant and equipment (Note 6(7) and 8)	3,428,329	27	2,828,509	23	2580	Lease liabilities - non-current (Note 6(14) and 7)	75,665	1	108,413	1
1755	Right-of-use assets (Note 6(8))	517,628	4	576,255	4	2600	Other non-current liabilities (Note 6(6), (12) and (15))	184,265	2	327,394	3
1760	Investment properties, net (Note 6(9) and 8)	298,814	2	300,972	2			<u>1,792,966</u>	<u>15</u>	<u>2,796,512</u>	<u>22</u>
1780	Intangible assets (Note 6(10))	154,296	1	156,098	1			<u>7,185,022</u>	<u>57</u>	<u>7,340,399</u>	<u>58</u>
1915	Prepayment for equipment	327,288	3	381,044	3	Total liabilities					
1840	Deferred tax assets (Note 6(16))	80,576	1	78,383	1	Equity attributable to shareholders of the parent (Note 6(17)):					
1990	Other non-current assets - others	204,528	2	121,696	1	3110	Common stock	1,344,177	10	1,343,959	10
		<u>5,842,680</u>	<u>46</u>	<u>5,277,618</u>	<u>41</u>	3200	Capital surplus (Note 6(5), (13) and (18))	988,615	8	1,002,379	8
							Retained earnings :				
						3310	Legal Reserve	702,410	6	651,554	5
						3320	Special Reserve	168,631	1	122,358	1
						3350	Unappropriated earnings (Note 6(6))	2,492,404	19	2,554,928	20
								<u>3,363,445</u>	<u>26</u>	<u>3,328,840</u>	<u>26</u>
							Other equity:				
						3410	Exchange differences on translation of the Financial Statements foreign operations	(92,336)	(1)	(196,187)	(2)
						3460	Gain on property revaluation	33,219	-	33,219	-
								<u>(59,117)</u>	<u>(1)</u>	<u>(162,968)</u>	<u>(2)</u>
							Total equity attributable to shareholders of the parent	<u>5,637,120</u>	<u>43</u>	<u>5,512,210</u>	<u>42</u>
						36XX	Non-controlling interests (Note 6(6))	18,234	-	19,993	-
							Non-controlling interests	<u>5,655,354</u>	<u>43</u>	<u>5,532,203</u>	<u>42</u>
							Total liabilities and equity	<u>\$ 12,840,376</u>	<u>100</u>	<u>12,872,602</u>	<u>100</u>
	Total assets	<u>\$ 12,840,376</u>	<u>100</u>	<u>12,872,602</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

ACES ELECTRONICS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in thousand of New Taiwan dollars, except for Earnings per share)

		2022		2021	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Operating Revenue (Note 6(20) and 7):				
4100	Net sales revenue	\$ 10,047,587	97	10,250,799	97
4800	Other operating revenue	344,917	3	325,063	3
	Net revenue from operations	<u>10,392,504</u>	<u>100</u>	<u>10,575,862</u>	<u>100</u>
5000	Operating costs (Note 6(4), (14), (15), and 7)	<u>8,159,619</u>	<u>79</u>	<u>8,146,641</u>	<u>77</u>
	Gross profit	<u>2,232,885</u>	<u>21</u>	<u>2,429,221</u>	<u>23</u>
	Operating expenses (Note 6(6), (14), (15), (21), and 7):				
6100	Selling expenses	686,463	7	599,081	6
6200	General and administrative expenses	915,292	9	841,557	8
6300	Research and development expenses	573,935	5	481,414	5
6450	Expected credit loss (gain) (Note 6(3))	448	-	(6,834)	-
	Total operating expenses	<u>2,176,138</u>	<u>21</u>	<u>1,915,218</u>	<u>19</u>
	Profit from operations	<u>56,747</u>	<u>-</u>	<u>514,003</u>	<u>4</u>
	Non-operating income and expenses (Note 6(22)):				
7100	Interest income	27,212	-	23,765	-
7010	Other income	141,151	1	79,643	1
7020	Other gains and losses	164,921	2	(13,950)	-
7050	Finance costs (Note 6(13) and (22))	(85,069)	-	(45,812)	-
7060	Share of profit of equity-accounted investees (Note 6(5))	10,101	-	31,264	-
	Total non-operating income and expenses	<u>258,316</u>	<u>3</u>	<u>74,910</u>	<u>1</u>
7900	Profit before income tax	<u>315,063</u>	<u>3</u>	<u>588,913</u>	<u>5</u>
7950	Less: income tax expenses (Note 6(16))	<u>91,730</u>	<u>1</u>	<u>80,742</u>	<u>1</u>
	Profit for the year	<u>223,333</u>	<u>2</u>	<u>508,171</u>	<u>4</u>
8300	Other comprehensive income:				
8310	Items that will never be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	10,880	-	496	-
8349	Less: Income tax related to non-reclassified items (Note 6(16))	-	-	-	-
	Total items that will never be reclassified to profit or loss	<u>10,880</u>	<u>-</u>	<u>496</u>	<u>-</u>
8360	Items that are or may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation to the presentation currency	130,098	1	(55,610)	-
8399	Less: Income tax related to items that may be reclassified (Note 6(16))	26,020	-	(11,122)	-
	Total items that are or may be reclassified subsequently to profit or loss	<u>104,078</u>	<u>1</u>	<u>(44,488)</u>	<u>-</u>
8300	Total other comprehensive income (net of tax) for the year	<u>114,958</u>	<u>1</u>	<u>(43,992)</u>	<u>-</u>
	Total comprehensive income for the year	<u>\$ 338,291</u>	<u>3</u>	<u>464,179</u>	<u>4</u>
	Net profit attributable to:				
8610	Shareholders of the parent	\$ 225,319	2	510,855	4
8620	Non-controlling interests	(1,986)	-	(2,684)	-
		<u>\$ 223,333</u>	<u>2</u>	<u>508,171</u>	<u>4</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the parent	\$ 340,050	3	466,953	4
8720	Non-controlling interests	(1,759)	-	(2,774)	-
		<u>\$ 338,291</u>	<u>3</u>	<u>464,179</u>	<u>4</u>
	Earnings per share (NT\$, Note 6(19))				
9750	Basic earnings per share	<u>\$ 1.68</u>		<u>4.16</u>	
9850	Diluted earnings per share	<u>\$ 1.64</u>		<u>3.78</u>	

See accompanying notes to consolidated financial statements.

ACES ELECTRONICS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in thousand of New Taiwan dollars)

	Equity Attributable to Shareholders of the parent									
	Retained Earnings					Other Components of Equity				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Gain on Property Revaluation	Equity Attributable to Shareholders of the parent	Non-controlling Interests	Total Equity
Balance at January 1, 2021	\$ 1,223,959	476,166	624,386	187,429	2,100,189	(151,789)	33,219	4,493,559	70,591	4,564,150
Appropriation of earnings :										
Legal Reserve	-	-	27,168	-	(27,168)	-	-	-	-	-
Special Reserve	-	-	-	(65,071)	65,071	-	-	-	-	-
Cash dividend distributed to shareholders	-	-	-	-	(85,677)	-	-	(85,677)	-	(85,677)
Issuance of ordinary shares for cash	120,000	357,500	-	-	-	-	-	477,500	-	477,500
Profit for the year	-	-	-	-	510,855	-	-	510,855	(2,684)	508,171
Other comprehensive income, net of tax	-	-	-	-	496	(44,398)	-	(43,902)	(90)	(43,992)
Total comprehensive income for the year	-	-	-	-	511,351	(44,398)	-	466,953	(2,774)	464,179
Other changes in capital surplus :										
Equity items recognized for the issuance of convertible bonds	-	71,196	-	-	-	-	-	71,196	-	71,196
Share of changes in equity of associates	-	80,136	-	-	-	-	-	80,136	-	80,136
Changes in ownership of subsidiary equity	-	(3,499)	-	-	(8,838)	-	-	(12,337)	12,172	(165)
Share-based payment transactions	-	20,880	-	-	-	-	-	20,880	-	20,880
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(59,996)	(59,996)
Balance at December 31, 2021	1,343,959	1,002,379	651,554	122,358	2,554,928	(196,187)	33,219	5,512,210	19,993	5,532,203
Appropriation of earnings :										
Legal Reserve	-	-	50,856	-	(50,856)	-	-	-	-	-
Special Reserve	-	-	-	46,273	(46,273)	-	-	-	-	-
Cash dividend distributed to shareholders	-	-	-	-	(201,594)	-	-	(201,594)	-	(201,594)
Profit for the year	-	-	-	-	225,319	-	-	225,319	(1,986)	223,333
Other comprehensive income, net of tax	-	-	-	-	10,880	103,851	-	114,731	227	114,958
Total comprehensive income for the year	-	-	-	-	236,199	103,851	-	340,050	(1,759)	338,291
Other changes in capital surplus :										
Equity items recognized for the issuance of convertible bonds	-	(131)	-	-	-	-	-	(131)	-	(131)
Conversion of convertible bonds	218	917	-	-	-	-	-	1,135	-	1,135
Share of changes in equity of associates	-	(14,827)	-	-	-	-	-	(14,827)	-	(14,827)
Changes in ownership of subsidiary equity	-	277	-	-	-	-	-	277	-	277
Balance at December 31, 2022	\$ 1,344,177	988,615	702,410	168,631	2,492,404	(92,336)	33,219	5,637,120	18,234	5,655,354

See accompanying notes to consolidated financial statements.

ACES ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Expressed in thousand of New Taiwan dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Profit before income tax	\$ 315,063	588,913
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	650,950	563,718
Amortization expense	47,707	29,455
Expected credit loss (gain) recognized	448	(6,834)
Net loss (gain) on financial assets at fair value through profit or loss	32,741	(39,466)
Interest expense	85,069	45,812
Interest income	(27,212)	(23,765)
Share-based payment costs	-	20,880
Reversal of impairment loss	(2,802)	-
Share of profit (loss) of equity-account investees	(10,101)	(31,264)
Loss on disposal of property, plant, and equipment	15,899	1,459
Loss (gain) on property revaluation	2,158	(1,878)
Total adjustments to reconcile profit (loss)	<u>794,857</u>	<u>558,117</u>
Changes in operating assets and liabilities :		
Net changes in operating assets :		
Increase (decrease) in notes receivable	(21,136)	12,035
Decrease (increase) in accounts receivable	314,171	(87,928)
Increase (decrease) in accounts receivable from related parties	(23,553)	36
Decrease (increase) in other receivables	(60,959)	(10,810)
Increase (decrease) in inventories	224,985	(310,365)
Increase in prepaid expenses	(34,701)	(9,370)
Increase in other current assets	(39,438)	(81,958)
Total net changes in operating assets	<u>359,369</u>	<u>(488,360)</u>
Net changes in operating liabilities :		
Decrease in notes payable	(1,081)	(190)
Increase (decrease) in accounts payable	(296,549)	27,232
Decrease in accounts payable to related parties	(153)	(288)
Increase in other payables	88,354	180,712
Increase in other payables to related parties	322	409
Increase in other current liabilities	9,292	27,913
Increase (decrease) in net defined benefit liabilities	4,270	(1,481)
Total net changes in operating liabilities	<u>(195,545)</u>	<u>234,307</u>
Total adjustments	<u>958,681</u>	<u>304,064</u>
Cash generated from operations	1,273,744	892,977
Interest received	27,212	23,765
Interest paid	(63,611)	(43,593)
Income tax paid	(100,440)	(104,251)
Net cash provided by operating activities	<u>1,136,905</u>	<u>768,898</u>
Cash flows from investing activities :		
Acquisitions of financial assets at amortized cost	-	(217,200)
Acquisitions of financial assets at fair value through profit or loss	(8,260)	(11,548)
Disposals of financial assets at fair value through profit or loss	81,833	254,566
Acquisitions of equity-accounted investees	(16,898)	-
Acquisitions of subsidiaries (net of cash acquired)	-	117,614
Acquisitions of property, plant, and equipment	(922,935)	(745,628)
Disposals of property, plant, and equipment	22,474	37,003
Acquisitions of intangible assets	(36,445)	(38,587)
Increase in other non-current assets	(82,832)	(4,789)
Increase in prepaid equipment payments	(192,952)	(273,973)
Dividends received	20,391	-
Net cash used in investing activities	<u>(1,135,624)</u>	<u>(882,542)</u>
Cash flows from financing activities :		
Increase in short-term borrowings	353,711	(158,742)
Issuance of corporate bonds	-	603,181
Proceeds from long-term borrowings	3,961,000	3,759,000
Repayment of long-term borrowings	(3,945,279)	(3,445,255)
Repayment of lease liabilities	(69,369)	(56,097)
Decrease in other non-current liabilities	(136,526)	(33,749)
Cash dividends	(201,594)	(85,677)
Cash capital increase	-	477,500
Acquisitions of subsidiary's equity	(1,028)	(59,996)
Net cash (used in) provided by financing activities	<u>(39,085)</u>	<u>1,000,165</u>
Effect of exchange rate change on cash and cash equivalents	<u>(111,599)</u>	<u>(58,802)</u>
Net (decrease) increase in cash and cash equivalents	<u>(149,403)</u>	<u>827,719</u>
Cash and cash equivalents at January 1	<u>2,567,895</u>	<u>1,740,176</u>
Cash and cash equivalents at December 31	<u>\$ 2,418,492</u>	<u>2,567,895</u>

See accompanying notes to consolidated financial statements.

Independent Auditors' Report

To the Board of Directors of ACES Electronics Co., Ltd.:

Opinion

We have audited the parent company only financial statements of ACES Electronics Co., Ltd., which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of ACES Electronics Co., Ltd. as of December 31, 2022 and 2021, and its financial performance and its cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Description of key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue Recognition

Please refer to Notes 4(13) to the parent only financial statements for the accounting policy on operating revenue; and refer to Notes 6(19) for disclosures relating to revenue.

Description of key audit matter:

ACES Electronics Co., Ltd. is mainly engaging in processing, manufacturing and selling of connectors. Sales revenue is one of the key audit matters to the financial statements. Therefore, the assessment for recognition of sales revenue is one of the key evaluation matter when we audit the Company's financial statements.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included:

- We inspected whether the Company's revenue recognition policies are in accordance with relevant guidelines.
- We tested the design of internal control process and its efficiency of execution for sales revenue.
- We focused on the top 10 clients, compared differences in numbers on the same period of the previous year, and checked if there's any significant abnormality.
- We selected sales transaction samples from a certain period before and after the end of current year, and examined revenue transaction records with vouchers arising from appropriate time period.
- We assessed if there is any significant sales return and discount after the balance sheet date.

2. Valuation of inventory

Please refer to Notes 4(7) to the parent only financial statements for the accounting policy on inventory valuation, Notes 5(1) for accounting estimates and assumptions of inventory, and Notes 6(4) for disclosure disclosures relating to inventory.

Description of key audit matter:

Inventory is valued at the lower of cost or net realizable value ACES Electronics Co., Ltd. mainly produces electronic products such as high precision connectors which are affected by the fast change of technology and updates of manufacturing technique; its product sales might have tremendous fluctuation which may cause the cost of inventory to be higher than its net realizable value. Therefore, the assessment for inventory valuation is one of the key evaluation matter when we audit the Company's financial statements.

How the matter was addressed in our audit:

- In relation to the key audit matter above, our principal audit procedures included:
- We assessed the inventory aging report, and analyzed changes in the inventory aging report from the previous to current year.
- We tested samples provided by the Company on inventory valued at the lower of cost and net realizable value.
- We understand the selling prices adopted by the management of the Company, and use it to assess the reasonableness of inventory net realizable value.
- We assessed if the inventory valuation is recorded according to the accounting policies of the Company.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (inclusive of the Audit Committee) from ACES Electronics Co., Ltd are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Only Financial Statements

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

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

1. Identified and assessed the risks of material misstatement of the parent only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACES Electronics Co., Ltd.'s internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ACES Electronics Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the ACES Electronics Co., Ltd. to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of ACES Electronics Co., Ltd.'s audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in

internal control that we identified during our audit.

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

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

The engagement partners on the audit resulting in this independent auditors' report are Lin, Heng-Shen and Chen, Zheng-Xue.

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2023

ACES ELECTRONICS CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities					
1100	Cash and cash equivalents (Note 6(1))	\$ 826,070	8	1,231,459	13	2100	Short-term borrowings (Note 6(10))	\$ 650,000	6	260,000	3
110	Financial assets at fair value through profit or loss - current (Note 6(2) and (12))	62	-	99,988	1	2150	Notes payable	518	-	595	-
1150	Notes receivable, net (Note 6(3) and (19))	42	-	478	-	2170	Accounts payable	166,523	2	248,646	3
1170	Accounts receivable, net (Note 6(3), (19), and 7)	804,588	7	867,868	9	2180	Accounts payable to related parties (Note 7)	763,869	7	824,492	8
1180	Net trade receivable from related parties (Note 6(3))	148,889	1	169,858	2	2200	Other payables (Note 6(14))	327,078	3	328,525	3
1200	Other receivables (Note 6(3))	55,462	1	51,051	1	2220	Other payables to related parties (Note 7)	96,629	1	58,109	1
1210	Other receivables from related parties (Note 6(3) and 7)	5,275	-	4,936	-	2230	Current tax liabilities (Note 6(15))	23,371	-	21,619	-
1310	Inventories (Note 6(4))	304,605	3	354,629	4	2280	Lease liabilities - current (Note 6(13) and 7)	8,716	-	15,025	-
1470	Other current assets (Note 6(1))	73,891	1	85,495	-	2322	Current installments of long-term borrowings (Note 6(11))	1,106,000	11	226,000	2
		<u>2,218,884</u>	<u>21</u>	<u>2,865,762</u>	<u>30</u>	2399	Other current liabilities - others	26,554	-	23,855	-
Non-current assets:								<u>3,169,258</u>	<u>30</u>	<u>2,006,866</u>	<u>20</u>
1510	Financial assets at fair value through profit or loss - non-current (Note 6(2))	71,070	1	78,152	1	Non-current liabilities :					
1550	Investments in equity-accounted investees (Note 6(5) and (6))	6,376,572	62	5,833,683	59	2530	Bonds payable (Note 6(12))	555,906	5	535,452	5
1600	Property, plant and equipment (Note 6(7) and 7)	1,351,408	13	892,641	9	2540	Long-term borrowings (Note 6(11))	618,500	6	1,453,507	15
1755	Right-of-use assets (Note 6(8) and 7)	9,751	-	24,305	-	2570	Deferred tax liabilities (Note 6(15))	276,386	4	263,052	3
1780	Intangible assets (Note 6(9))	35,085	-	31,376	-	2580	Lease liabilities - non-current (Note 6(13) and 7)	1,344	-	9,681	-
1915	Prepayment for equipment	169,730	2	139,929	1	2600	Other non-current liabilities (Note 6(11) and (14))	29,900	-	105,871	1
1990	Other non-current assets - other (Note 6(15))	55,914	1	20,791	-			<u>1,482,036</u>	<u>15</u>	<u>2,367,563</u>	<u>24</u>
		<u>8,069,530</u>	<u>79</u>	<u>7,020,877</u>	<u>70</u>		Total liabilities	<u>4,651,294</u>	<u>45</u>	<u>4,374,429</u>	<u>44</u>
						Equity (Note 6(16)):					
						3110	Common stock	1,344,177	13	1,343,959	14
						3200	Capital surplus (Note 6 (12) and (17)):	988,615	10	1,002,379	10
							Retained earnings:				
						3310	Legal Reserve	702,410	7	651,554	7
						3320	Special Reserve	168,631	2	122,358	1
						3350	Unappropriated earnings	2,492,404	24	2,554,928	26
								<u>3,363,445</u>	<u>33</u>	<u>3,328,840</u>	<u>34</u>
							Other equity:				
						3410	Exchange differences on translation of the Financial Statements foreign operations	(92,336)	(1)	(196,187)	(2)
						3460	Gain on property revaluation (Note 6(16))	33,219	-	33,219	-
							Total equity	<u>5,637,120</u>	<u>55</u>	<u>5,512,210</u>	<u>56</u>
							Total liabilities and equity	<u>\$ 10,288,414</u>	<u>100</u>	<u>9,886,639</u>	<u>100</u>
	Total assets	<u>\$ 10,288,414</u>	<u>100</u>	<u>9,886,639</u>	<u>100</u>						

See accompanying notes to parent company only financial statements.

ACES ELECTRONICS CO., LTD.
Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars, except for Earnings per share)

		<u>2022</u>		<u>2021</u>	
		Amount	%	Amount	%
	Operating revenue (Note 6(19) and 7)				
4100	Net sales revenue	\$ 3,347,530	97	3,835,379	97
4800	Other operating income	99,362	3	106,816	3
	Net revenue from operations	<u>3,446,892</u>	<u>100</u>	<u>3,942,195</u>	<u>100</u>
5000	Operating costs (Note 6 (4), (13), (14), and 7)	<u>2,684,133</u>	<u>78</u>	<u>2,947,132</u>	<u>75</u>
	Gross profit	762,759	22	995,063	25
5910	Unrealized gain or loss on sales	4,015	-	785	-
	Net gross profit	<u>766,774</u>	<u>22</u>	<u>995,848</u>	<u>25</u>
	Operating expenses (Note 6 (6), (13), (14), (17), (20), and 7)				
6100	Selling expenses	200,888	6	188,616	5
6200	General and administrative expenses	295,577	9	316,816	8
6300	Research and development expenses	233,081	7	184,146	5
6450	Expected credit loss (gain) (Note 6(3))	(231)	-	2,048	-
	Total operating expenses	<u>729,315</u>	<u>22</u>	<u>691,626</u>	<u>18</u>
	Profit from operations	<u>37,459</u>	<u>-</u>	<u>304,222</u>	<u>7</u>
	Non-operating income and expenses (Note 6(21))				
7100	Interest income	3,291	-	118	-
7010	Other income	13,903	-	15,901	-
7020	Other gains and losses (Note 6(12))	23,718	1	42,647	1
7050	Finance costs (Note 6(12) and (13))	(49,829)	(1)	(25,334)	(1)
7070	Share of profit of equity-accounted investees (Note 6(6))	210,597	6	204,652	5
	Total non-operating income and expenses	<u>201,680</u>	<u>6</u>	<u>237,984</u>	<u>5</u>
	Profit before income tax	<u>239,139</u>	<u>6</u>	<u>542,206</u>	<u>12</u>
7950	Less: income tax expenses (Note 6(15))	<u>13,820</u>	<u>-</u>	<u>31,351</u>	<u>1</u>
	Profit for the year:	<u>225,319</u>	<u>6</u>	<u>510,855</u>	<u>11</u>
8300	Other comprehensive income:				
8310	Items that will never be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Note 6(14))	10,880	-	496	-
8349	Less: Income tax related to non-reclassified items	-	-	-	-
	Total items that will never be reclassified to profit or loss	<u>10,880</u>	<u>-</u>	<u>496</u>	<u>-</u>
8360	Items that are or may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation to the presentation currency (Note 6(15)).	129,814	4	(55,498)	-
8399	Less: Income tax related to items that may be reclassified (Note 6(15)).	25,963	(1)	(11,100)	-
	Total items that are or may be reclassified subsequently to profit or loss	<u>103,851</u>	<u>3</u>	<u>(44,398)</u>	<u>-</u>
8300	Total other comprehensive income(net of tax) for the year	<u>114,731</u>	<u>3</u>	<u>(43,902)</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 340,050</u>	<u>9</u>	<u>466,953</u>	<u>11</u>
	Earnings per share (NT\$, Note 6(18)).				
9750	Basic earnings per share	<u>\$ 1.68</u>		<u>4.16</u>	
9850	Diluted earnings per share	<u>\$ 1.64</u>		<u>3.78</u>	

See accompanying notes to parent company only financial statements.

ACES ELECTRONICS CO., LTD.
Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

	Retained Earnings					Other Components of Equity		
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Gain on Property Revaluation	Total Equity
Balance at January 1, 2021	\$ 1,223,959	476,166	624,386	187,429	2,100,189	(151,789)	33,219	4,493,559
Appropriation of earnings:								
Legal Reserve	-	-	27,168	-	(27,168)	-	-	-
Special Reserve	-	-	-	(65,071)	65,071	-	-	-
Cash dividend distributed to shareholders	-	-	-	-	(85,677)	-	-	(85,677)
Profit for the year	-	-	-	-	510,855	-	-	510,855
Other comprehensive income, net of tax	-	-	-	-	496	(44,398)	-	(43,902)
Total comprehensive income for the year	-	-	-	-	511,351	(44,398)	-	466,953
Issuance of ordinary shares for cash	120,000	357,500	-	-	-	-	-	477,500
Other changes in capital surplus :								
Equity items recognized for the issuance of convertible bonds	-	71,196	-	-	-	-	-	71,196
Share of changes in equity of associates	-	80,136	-	-	-	-	-	80,136
Changes in ownership of subsidiary equity	-	(3,499)	-	-	(8,838)	-	-	(12,337)
Share-based payment transactions	-	20,880	-	-	-	-	-	20,880
Balance at December 31, 2021	1,343,959	1,002,379	651,554	122,358	2,554,928	(196,187)	33,219	5,512,210
Appropriation of earnings :								
Legal Reserve	-	-	50,856	-	(50,856)	-	-	-
Special Reserve	-	-	-	46,273	(46,273)	-	-	-
Cash dividend distributed to shareholders	-	-	-	-	(201,594)	-	-	(201,594)
Profit for the year	-	-	-	-	225,319	-	-	225,319
Other comprehensive income, net of tax	-	-	-	-	10,880	103,851	-	114,731
Total comprehensive income for the year	-	-	-	-	236,199	103,851	-	340,050
Conversion of convertible bonds	218	917	-	-	-	-	-	1,135
Other changes in capital surplus :								
Equity items recognized for the issuance of convertible bonds	-	(131)	-	-	-	-	-	(131)
Share of changes in equity of associates	-	(14,827)	-	-	-	-	-	(14,827)
Changes in ownership of subsidiary equity	-	277	-	-	-	-	-	277
Balance at December 31st 2022	\$ 1,344,177	988,615	702,410	168,631	2,492,404	(92,336)	33,219	5,637,120

See accompanying notes to parent company only financial statements.

ACES ELECTRONICS CO., LTD.
Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

	2022	2021
Cash flows from operating activities:		
Profit before income tax	\$ 239,139	542,206
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	201,118	170,510
Amortization expense	25,092	10,644
Expected credit loss (reversal of gains) loss	(231)	2,048
Net loss (gain) on financial assets at fair value through profit or loss	37,358	(39,466)
Interest expense	49,829	25,334
Interest income	(3,291)	(118)
Share-based payment costs	-	20,880
Share of profit (loss) of equity-account investees	(210,597)	(204,652)
Loss (gains) on disposal of property, plant, and equipment	75	(222)
Unrealized gains from transactions with associates	(4,015)	(785)
Total adjustments to reconcile profit (loss)	95,338	(15,827)
Changes in operating assets and liabilities :		
Net changes in operating assets :		
Notes receivable	436	25
Accounts receivable	63,511	(46,116)
Accounts receivable from related parties	20,969	28,866
Other receivables	(4,411)	5,191
Other receivables from related parties	(339)	(501)
Inventories	50,024	(116,332)
Other current assets	11,603	(20,346)
Total net changes in operating assets	141,793	(149,213)
Net changes in operating liabilities :		
Notes payable	(77)	(47)
Accounts payable	(82,123)	5,947
Accounts payable from related parties	(60,623)	210,427
Other payables	(1,447)	31,400
Other payables to related parties	(40,064)	3,534
Other current liabilities	2,699	7,228
Net defined benefit liabilities	(636)	(615)
Total change in operating liabilities	(182,271)	257,874
Net changes in operating assets and liabilities	(40,478)	108,661
Total Adjustments	54,860	92,834
Cash generated from operations	293,999	635,040
Interest received.	3,291	118
Dividends received.	-	68,257
Interest paid.	(28,371)	(23,115)
Income taxes paid.	(29,810)	(78,893)
Net cash provided by operating activities	239,109	601,407
Cash flows from investing activities:		
Acquisitions of financial assets at fair value through profit or loss	(8,260)	(11,548)
Disposals of financial assets at fair value through profit or loss	77,911	246,887
Acquisitions of equity-accounted investees	-	(224,954)
Acquisitions of property, plant, and equipment	(629,459)	(249,170)
Disposals of property, plant and equipment	1,465	-
Acquisitions of intangible assets	(28,801)	(31,393)
Increase in other non-current assets	(30,010)	(2,522)
Increase in prepayment for equipment	(46,729)	(62,433)
Net cash used in investing activities	(663,883)	(335,133)
Cash flows from financing activities :		
Increase in short-term borrowings	390,000	(266,640)
Issuance of corporate bonds	-	603,181
Proceeds from long-term borrowings	3,851,000	3,759,000
Repayments of long-term borrowings	(3,806,000)	(3,433,000)
Payment of leases liabilities	(15,130)	(17,666)
Cash dividends	(201,594)	(85,677)
Cash capital increase	-	477,500
Acquisitions of subsidiary's equity	(198,891)	(248,896)
Net cash (used in) provided by financing activities	19,385	787,802
Increase (decrease) in cash and cash equivalents	(405,389)	1,054,076
Cash and cash equivalents at January 1	1,231,459	177,383
Cash and cash equivalents at December 31	\$ 826,070	1,231,459

See accompanying notes to parent company only financial statements.

Annex 4.

ACES ELECTRONICS CO., LTD.
Profit Distribution Table
for 2022

Unit: Thousands of NT\$

Item	Amount
Beginning Unappropriated Earnings	2,256,205,038
Add: Changes in Remeasurement Amount of Defined Benefit Obligations	10,880,486
Add: Profit for the year (2022)	225,318,714
Add: Disposal of Investment Properties	0
Less: Changes in Ownership of Subsidiary Equity	0
Less: Legal reserve	23,619,920
Less: Appropriation Reversal of Special Reserve	(103,851,149)
Less: Special Reserve for Gain on Property Revaluation	(2,408,475)
Distributable Net Profit	2,575,043,942
Less: Distribution Items	
Cash Dividend Distributed to Shareholders	73,929,740
Total Distribution	73,929,740
Unappropriated Earnings	2,501,114,202

Chairman: Yuan Wan-Ting; General Manager: Yang Tsung-Lin; Accounting Supervisor: Lee Shu-Yun

Annex 5.

ACES ELECTRONICS CO., LTD.

Comparison Table of Amendments of “Articles of Incorporation”

Article	Amended Articles	Current Articles	Explanation
Article 2	<p>The company's operating businesses are as follows:</p> <ol style="list-style-type: none"> 1. C805050 Industrial Plastic Products Manufacturing 2. CC01080 Electronic Component Manufacturing 3. <u>CF01011 Medical Devices Manufacturing</u> 4. CQ01010 Mold and Die Manufacturing 5. E605010 Computer Equipment Installation 6. <u>F108031 Wholesales of Medical Devices</u> 7. F113050 Wholesale of Computers and Clerical Machinery Equipment 8. F113070 Wholesales of Telecommunication Apparatus 9. F118010 Wholesales of Computer Software 10. F119010 Wholesale of Electronic Materials 11. <u>F208031 Retail Sale of Medical Apparatus</u> 12. F213030 Retail Sale of Computers and Clerical Machinery Equipment 13. F213060 Retail Sale of Telecommunication Apparatus 14. F218010 Retail Sale of Computer Software 15. F219010 Retail Sale of Electronic Materials 16. I301010 Information Software Services 17. ZZ99999 All business activities that are not prohibited or restricted by law, expect those that are subject to special approval. 	<p>The company's operating businesses are as follows:</p> <ol style="list-style-type: none"> 1. C805050 Industrial Plastic Products Manufacturing 2. CC01080 Electronic Component Manufacturing 3. CQ01010 Mold and Die Manufacturing 4. E605010 Computer Equipment Installation 5. F113050 Wholesale of Computers and Clerical Machinery Equipment 6. F113070 Wholesales of Telecommunication Apparatus 7. F118010 Wholesales of Computer Software 8. F119010 Wholesale of Electronic Materials 9. F213030 Retail Sale of Computers and Clerical Machinery Equipment 10. F213060 Retail Sale of Telecommunication Apparatus 11. F218010 Retail Sale of Computer Software 12. F219010 Retail Sale of Electronic Materials 13. I301010 Information Software Services 14. ZZ99999 All business activities that are not prohibited or restricted by law, expect those that are subject to special approval. 	Add new business items
Article 28	<p>This article was established on November 4, 1996. The 1st to 25th amendment (omitted) The 26th amendment was made on June 29, 2022. <u>The 27th amendment was made on June 27, 2023.</u></p>	<p>This article was established on November 4, 1996. The 1st to 25th amendment (omitted) The 26th amendment was made on June 29, 2022.</p>	Update new revision date

Appendix 1.

**ACES ELECTRONICS CO., LTD.
Rules of Procedure for Shareholders’ Meeting**

- Article 1 The rules of procedure of the Company's shareholders' meeting shall be handled in accordance with these rules, unless otherwise stipulated by laws, regulations or the articles of incorporation.
- Article 2 The Company shall set up a signature book for the attendance of the shareholders themselves or their authorized agents (hereinafter referred to as “shareholders”), or an attendance card for proxy sign-in shall be submitted by the shareholders in attendance.
- Article 3 Attendance at the shareholders' meeting shall be calculated based on the number of shares. The number of shares attended shall be calculated according to the shares indicated by the signature book or attendance card handed and video conferencing platform, in plus the number of shares that voting rights are exercised by correspondence or electronically. When the meeting time has expired, the chairman shall immediately call the meeting to order at the appointed meeting time, and at the same time announce relevant information such as the number of non-voting rights and the number of shares present. However, when attending shareholders do not represent more than half of the total number of issued shares, the chairman may announce a postponement of the meeting. The number of postponements is limited to two, and the total delay time shall not exceed one hour. If there are still not enough shareholders representing more than one-third of the total number of issued shares after the second postponement, the chairman may announce adjournment. If the shareholders' meeting is held by video conference, the Company shall also announce the adjournment on the video conference platform of the shareholders' meeting.
- Article 4 The company shall make audio or video recordings of the entire shareholders’ meeting process and keep them for at least one year. However, if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Art, the recording shall be preserved until the conclusion of the litigation.
- Article 5 If the shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be determined by the Board of Directors, and the meeting shall be conducted in accordance with the agenda, which may not be changed without a resolution of the shareholders' meeting.
If a shareholders’ meeting is convened by a party with the right to convene that is not the board of directors, the provisions of the preceding paragraph shall apply mutatis mutandis.
The chairman shall not announce the adjournment of the meeting to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders’ meeting; if the chairman violates the rules of procedure and announces the adjournment, other members of the Board of Directors shall promptly assist the attending shareholders in accordance with legal procedures to elect a person as chairman with the consent of more than half of the voting rights of the attending shareholders, and continue the meeting.
The chairman shall provide sufficient explanation and opportunities for discussion on proposals, amendments or interim motions proposed by shareholders, and may announce the suspension of discussion and put them up for voting when the resolution has reached a point where it is ready for voting.
- Article 6 Before attending the speech of shareholders, they must first fill in a speech slip to specify the subject of the speech, shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman.
A shareholder in attendance who has only submitted speech slip but does not make speche shall be deemed to have not spoken. If the content of the speech is inconsistent with the subject given on the speech slip, the content of the speech shall prevail.

Each shareholder's speech on the same proposal shall not exceed twice without the consent of the chairman, and a single speech shall not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairman may terminate the speech.

When a shareholder present is speaking, other shareholders are not allowed to interfere with the speech unless they have obtained the consent of the chairman and the shareholder who is speaking, and the chairman shall stop any violation.

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

After attending shareholders' speeches, the chairman may reply in person or direct relevant personnel to respond.

If the shareholders meeting is convened by video conference, shareholders who participate in the video conference may submit questions in text on the shareholders meeting video conference platform, during the period from the announcement of the meeting by the chairman until the adjournment. The number of questions for each agenda item shall not exceed twice and with a limit of 200 characters per question, and the provisions of items 1 to 5 shall not apply in this case.

Article 7 Shareholders who hold more than 1% of the total number of issued shares may submit a proposal to the company in writing for the shareholder's meeting in accordance with the provisions of the Company Art. However, it is limited to one proposal, and those with more than one proposal shall not be included in the agenda.

Article 8 Voting at a shareholders' meeting shall be calculated based on the number of shares. For the resolution of the shareholders' meeting, the number of shares held by a shareholder with no voting rights shall not be included as part of the total number of issued shares.

Shareholders are not allowed to participate in voting if they have an interest in relation to an agenda item, and there is likelihood that such a relationship would prejudice the interests of the Company, and they are not allowed to exercise their voting rights as proxy for any other shareholders.

The number of shares that cannot exercise voting rights under the preceding paragraph shall not be included as part of the voting rights represented by attending shareholders.

Except for a trust enterprise or a stock affairs agency approved by the competent securities authority, when one person is entrusted as proxy by two or more shareholders at the same time, the voting rights represented by that proxy shall not exceed 3% of the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 9 Each shareholder is entitled to one vote per share; however, those who are restricted or have no voting rights as listed in Paragraph 2 of Article 179 of the Company Act, are not limited to this.

Article 10 When voting on each proposal, the chairman or the designated person shall announce the total number of voting rights represented by the attending shareholders. The shareholders shall vote on a case-by-case basis, and on the same day of the shareholders' meeting, the voting results of the shareholders' meeting, including approval, objection, and abstention results shall be reported to the Public Information Observatory.

Article 11 The scrutiny and counting personnel for voting on proposals shall be appointed by the chairman, provided that all the scrutiny personnel shall have the status of shareholders. The votes shall be counted publicly at the shareholders' meeting, and the results of the voting shall be announced on the spot and recorded.

When the Company holds a video meeting of the shareholders' meeting, shareholders who participate in the video conference shall vote on various proposals and election proposals through the video conference platform after the chairman announces the commencement of the meeting. The voting must be completed before the chairman announces the end of the voting, and any vote cast after the deadline will be considered as abstained.

If the shareholders meeting is convened by video conference, after the chairman

announces the end of the vote, a one-time counting of the votes shall be counted, and the results of the vote and election shall be announced.

When the Company convenes a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting via video conference in accordance with the regulations, but want to attend the physical shareholders' meeting in person, should cancel the registration in the same way as the registration two days before the shareholders' meeting. Failure to cancel on time will result in the shareholder only being able to attend the shareholders meeting via video conference.

Article 12 When the shareholders' meeting elects directors, it shall be handled in accordance with the relevant election rules stipulated by the Company, and the election results shall be announced on the spot, including the list of elected directors and their number of votes, as well as the list of unsuccessful directors and their number of votes. The ballots for the elections referred to in the preceding paragraph shall be sealed and signed by the scrutineers, and shall be kept in a safe place for at least one year. However, if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Art, it shall be preserved until the conclusion of the lawsuit.

Article 13 The resolutions of the shareholders' meeting shall be recorded in minutes, signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The distribution of the meeting minutes may be done by announcement.

The minutes of the meeting shall be accurately recorded in terms of the year, month, day, place, name of the chairman, resolution method, essentials of the proceedings and the results of the meeting, and shall be permanently preserved during the existence of the Company.

If the shareholders meeting is convened by video conference, in addition to the requirement referred to in the preceding paragraph, the minutes shall record the start and end time of the shareholders meeting, the method of convening the meeting, the name of the chairman and recorder, the alternative measures provided to shareholders who will be in difficulty for participating via video conference, and the handling procedures and situations in the event of obstacles to the video conferencing platform or participation in the form of video conferencing due to natural disasters, accidents or other force majeure circumstances.

Article 14 When a meeting is in progress, the chairman may announce a break at a discretionary time. In the event of an irresistible event, the chairman may rule to temporarily suspend the meeting and announce a time for the continuation of the meeting as appropriate. Before the end of the agenda scheduled by the shareholders' meeting (including extraordinary motions), the venue for the meeting is no longer available for continued use at that time, the shareholders' meeting may resolve to find another venue to continue. The shareholders' meeting may, in accordance with Article 182 of the Company Art, resolve to postpone or continue the meeting within five days.

Article 15 If the shareholders' meeting is held by video conference, the Company shall immediately disclose the voting results and election results of various proposals on the shareholders' meeting video conference platform in accordance with regulations after the voting is completed, and continue to disclose at least 15 minutes after the chairman announces the adjournment of the meeting.

Article 16 When the Company holds a shareholders meeting via video conference, the chairman and the recorder should be at the same place in the country, and the chairman should announce the address of the place at the time of the start of meeting.

Article 17 If the shareholders' meeting is held by video conference, the Company shall provide shareholders with a simple connection test before the meeting, and provide relevant services in a timely manner before and during the meeting to assist in dealing with technical issues related to communication.

If the shareholders' meeting is convened by video conference, the chairman shall, when announcing the beginning of the meeting, separately announce that it is no necessary to postpone or continue the meeting except for the circumstances specified in Paragraph 24, Article 44 of the Regulations Governing the Administration of Shareholder Services

of Public Companies. Before the chairman announces the adjournment of the meeting, if there is a technical obstacle on the video conferencing platform or participation in video conferencing due to natural disasters, accidents or other force majeure events that lasts for more than 30 minutes, the date of meeting shall be postponed or continued within five days, and the provisions of Article 182 of the Company Art shall not apply. For the meeting referred to in the preceding paragraph which is postponed or resumed, shareholders who did not register to participate in the original shareholders' meeting via video conference are not allowed to participate in the postponed or continued meeting. For the meeting which is postponed or resumed according to the provisions of Paragraph 2, shareholders who have registered to participate in the original shareholders' meeting via video conference and completed the registration, but did not participate in the postponed or continued meeting, shall have their attended number of shares, the exercised voting rights and election rights at the original shareholders' meeting, counted towards the total number of shares, voting rights, and election rights of shareholders attending the postponed or continued meeting.

In accordance with the provisions of Paragraph 2, when the shareholders' meeting is postponed or continued, no re-discussion and resolution is required for proposals that have completed voting, counting, and announcing the voting results or the list of directors elected.

When the Company convenes a video-assisted shareholders' meeting and is unable to continue the video conference as stipulated in Paragraph 2, if the total number of shares in attendance still meets the statutory quota for the convening of a shareholders' meeting after deducting the number of shares attending the shareholders' meeting by video conference, the shareholders' meeting shall proceed without postponed or continued in accordance with the provisions of the Paragraph 2.

If the meeting should continue as stated in the preceding paragraph, shareholders who participate in the shareholders' meeting via video conference shall have their shares counted in the total number of shares of the shareholders present, but their vote shall be deemed as abstention for all the proposals of the shareholders' meeting.

When the company postpones or continues a meeting in accordance with the provisions of the Paragraph 2, it shall follow the provisions listed in Paragraph 7, Article 44-27 of Regulations Governing the Administration of Shareholder Services of Public Companies, and handle pre-work relevant matters in accordance with the original date of the shareholders' meeting and the provisions of the article.

During the period prescribed in the latter paragraph of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meeting of Public Companies, the Paragraph 2 of Article 44-5, Paragraph 15 of Article 44-10, and Paragraph 1 of Article 44-17 of Regulations Governing the Administration of Shareholder Services of Public Companies, the company shall postpone or continue the date of the shareholders' meeting in accordance with the provisions of Paragraph 2.

Article 18 When the company convenes a shareholders meeting via video conference, it shall provide appropriate alternative measures for shareholders who have difficulty in attending the shareholders' meeting via video conference.

Article 19 These rules, and any amendments hereto, shall be implemented after adoption by the shareholders' meeting.

Article 20 The rules of procedure for the shareholders' meeting were established on June 25, 2005.

The first amendment was on June 28, 2007.

The second amendment was on June 6, 2012.

The third amendment was on June 29, 2022.

Appendix 2.

ACES ELECTRONICS CO., LTD. Articles of Incorporation

Chapter I. General Provisions

- Article 1 The company is incorporated in accordance with the provisions of the Company Act and registered under the business name "宏致電子股份有限公司", and the English name is "ACES ELECTRONICS CO., LTD."
- Article 2 The company's scope of businesses are as follows:
1. C805050 Industrial Plastic Products Manufacturing
 2. CC01080 Electronic Component Manufacturing
 3. CQ01010 Mold and Die Manufacturing
 4. E605010 Computer Equipment Installation
 5. F113050 Wholesale of Computers and Clerical Machinery Equipment
 6. F113070 Wholesales of Telecommunication Apparatus
 7. F118010 Wholesales of Computer Software
 8. F119010 Wholesale of Electronic Materials
 9. F213030 Retail Sale of Computers and Clerical Machinery Equipment
 10. F213060 Retail Sale of Telecommunication Apparatus
 11. F218010 Retail Sale of Computer Software
 12. F219010 Retail Sale of Electronic Materials
 13. I301010 Information Software
 14. ZZ99999 All business activities that are not prohibited or restricted by law, except those are subject to special approval.
- Article 3 The Company needs to provide assurances to external parties due to business needs.
- Article 4 The total amount of investment transferred by the Company is not subject to the restrictions by Article 13 of the Company Art.
- Article 5 The Company has its head office located in Taoyuan City, and may establish branch offices domestically and internationally when deemed necessary, subject to the approval of the Board of Directors and the competent authorities.
- Chapter II. Shares
- Article 6 The total amount of the Company's capital is NT\$2.0 billion, which is further divided into 200 million shares, and the value per share is NT\$10. All of them are ordinary shares. The Board of Directors is authorized to issue unissued shares as deemed necessary for business needs.
NT\$1,000 million of the capital in the preceding paragraph shall be reserved for the issuance of share warrant, special shares with warrants, or corporate bonds with warrants, totaling 10 million shares at NT\$10 per share, which may be issued in installments according to the resolution of the Board of Directors. If the Company's shares can be repurchased by the Company itself according to law, the Board of Directors is authorized to do so in accordance with laws and regulations.
If the stock option price issued by the Company for employee stock option is lower than the closing price of the Company's stock on the date of issuance,

or if the price of treasury stock transferred to employees is lower than the average price of the Company's repurchased shares, the shareholders' meeting shall represent the issued shares, it shall be approved by a resolution of the shareholders' meeting with the attendance of more than half of the total shareholders, and the consent of more than two-thirds of the voting rights of the present shareholders.

Article 6-1 The objects of treasury stocks, employee stock option certificates, employee remuneration, pre-emptive right for issuance of new shares, and employee restricted stock that the company transfers or distributes to employees, may include employees of the controlling or subordinate companies who meet the conditions set by the Board of Directors or its authorized personnel.

Article 7 The stock of the Company shall be registered stocks, signed or sealed by the director representing the Company, and issued according to legal requirements. Shares issued by the Company can be exempted from printing stock certificates after being registered by a centralized securities depository institution, and the same applies to the issuance of other securities.

Article 8 The transfer of ownership and renaming of stocks shall be stopped within 30 days prior to the regular meeting of shareholders, within 15 days prior to the extraordinary meeting of shareholders, or within 5 days prior to the reference date for distribution of dividends, bonuses, or other benefits. After the public issuance of the Company's stock, the transfer of ownership and renaming of stocks shall be suspended within 60 days prior to the regular meeting of shareholders, within 30 days prior to the extraordinary general meeting of shareholders, or within 5 days prior to the reference date for distribution of dividends, bonuses, or other benefits.

Chapter III. Shareholders' Meeting

Article 9 Shareholders' meetings are divided into two types: regular meeting and extraordinary meeting. Regular meeting shall be convened at least once a year within six months after the close of each fiscal year. Extraordinary meeting shall be convened when necessary, in accordance with the law. Except as otherwise provided by the Company Art, the shareholder meeting referred to in the preceding paragraph shall be convened by the Board of Directors.

Article 10 When a shareholder is unable to attend the shareholders' meeting for any reason, he or she shall submit a proxy to attend by offering company issued solicitation document stipulating the extent of the authorization, with signature or company seal thereon. The use of the power of attorney shall be conducted in accordance with Article 177 of the Company Art. After the Company's stock is publicly issued, it shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" by the corresponding government department.

Article 11 Unless otherwise stipulated by the Company Art, resolutions of the shareholders' meeting shall be executed by shareholders representing more than half of the total number of issued shares present in person or by proxy, and shall be carried out with the consent of more than half of the voting rights of the attending shareholders.

Article 12 When the Company's shareholders consist of only one legal person shareholder, the powers of the Company's shareholders' meeting shall be exercised by the Board of Directors, and the provisions related to the shareholders' meeting in this charter shall not apply.

Article 13 Each shareholder of the Company shall have one voting right, unless otherwise stipulated in Article 179 of the Company Art relating to the circumstances of certain shares as having no voting right.

Article 14 The shareholders' meeting shall be convened by the Board of Directors, with

the chairman of the board as the chairman of the meeting. In the absence of the chairman, the chairman shall designate a director to act as the proxy. If no such designation is made, a director shall be elected by the board to act as the proxy; if the meeting is convened by a person other than the Board of Directors, the chairman shall be appointed by the convener, and when there are two or more convener, one person should be elected from among themselves.

Article 15 Resolutions adopted at the shareholders' meeting shall be recorded in minutes, signed or sealed by the chairman of the shareholders' meeting, and distributed to all shareholders within 20 days after the meeting. The distribution of the meeting minutes may be done by announcement.

Article 15-1 When the Company's shareholders' meeting is held, it may be held by video conference or other methods announced by the Ministry of Economic Affairs.

Chapter IV. Directors and Functional Committees

Article 16 The company shall have five to seven directors, with a term of three years, who shall be elected by the shareholders' meeting from among individuals with legal capacity, and may be re-elected for consecutive terms. The total shareholding ratio of all directors of the Company will be in accordance with the regulations of the security's regulatory authority. During the tenure of the directors, the Company may purchase liability insurance for them in respect of the compensation liability that he should bear in accordance with the law in the scope of his executes within the scope of their business.

In accordance with the provisions of the Securities and Exchange Art, the Company shall appoint independent directors among the total number of directors referred to in the preceding paragraph. The number of independent directors shall not be less than three, and shall not be less than one-fifth of the total number of directors. The relevant matters shall be handled in accordance with the regulations of the competent securities authority.

The election of the Company's directors (including independent directors) adopts a candidate nomination system, and they shall be elected by the shareholders' meeting from the list of nominated candidates for directors.

The Company may set up various functional committees, and each committee shall formulate regulations for exercising its duties, which shall be implemented after being approved by the Board of Directors.

The Company has set up an audit committee composed of all independent directors, one of whom is the convener, and at least one of them shall have expertise in accounting or finance; the exercise of its powers and other matters to be complied with shall be handled in accordance with the relevant regulations of the security's regulatory authority and the Company.

Article 16-1 The Company's shareholders' meeting adopts a cumulative voting system for the election of directors, with each share having the same number of voting right as the number of directors to be elected. One person can be elected collectively, or several people can be allocated for election. The candidate who receives the most voting rights will be elected as a director.

Article 17 When the vacancy of directors reaches one-third, the Board of Directors shall convene an extraordinary meeting of shareholders within 30 days for by-election, and the term of office for the new members shall not exceed the original term of office. After the public issuing of the Company's stocks, the Board of Directors shall convene an extraordinary shareholders' meeting within 60 days for a by-election.

Article 18 The Board of Directors is organized by directors, and the chairman is elected by mutual recommendation of two-thirds or more of the directors present and

- the agreement of more than half of the attending directors. The chairman represents the company externally.
- Article 18-1 The convening of the Board of Directors of the Company shall state the reasons and notify all directors seven days in advance. However, in case of emergency, it may be convened at any time.
The convening of the Board of Directors of the Company may be notified to all directors in writing, by email or by fax.
- Article 19 Unless otherwise provided by the Company Act, the resolutions of the Board of Directors shall be attended by the presence of more than half of the directors, and shall be carried out with the consent of more than half of the attended directors. A director who participates in a meeting through a video screen is deemed to be present in person; if a director is unable to attend the board meeting due to unavoidable reasons, the director may appoint another director as his/her proxy, and the appointment shall be handled in accordance with Article 205 of the Company Art.
- Article 20 When the chairman is on leave or unable to execute his/her duties due to reason, his/her proxy shall handle the matter in accordance with the provisions of Article 208 of the Company Art.
- Article 21 The remuneration of the directors of the Company may be determined by the Board of Directors according to their level of participation and contribution to the Company's operations, and with reference to the usual industry standards.
- Chapter V. Managers
- Article 22 The Company may set a position of manager whose appointment, discharge and remuneration shall be subject to Article 29 of the Company Art.
- Chapter VI. Accounting
- Article 23 At the end of each fiscal year, the Company shall prepare the following list by the Board of Directors and submit to the general meeting of shareholders for approval:
- 1) Business Report
 - 2) Financial Statements
 - 3) Surplus earning distribution or loss off-setting proposals
- Article 24 If the Company have profits in the year (profit refers to the pre-tax income deducting the distribution of employee remuneration and director's remuneration), then no less than 1% of the profit should be allocated as employee remuneration and no more than 3% should be allocated as director's remuneration. However, when the Company still has accumulated losses, it should reserve the amount to offset the losses in advance.
The employee remuneration referred to in the preceding paragraph may be paid in stock or in cash. If the Board of Directors decides to issue stock as a payment, the same resolution may be made in the form of issuing new shares or repurchasing its own shares. The director remuneration referred to in the preceding paragraph shall be paid in cash only.
The preceding two items shall be implemented by a resolution of the Board of Directors and reported to the shareholders' meeting.
- Article 25 If there is a surplus in the Company's annual final accounts, taxes should be paid first to make up for previous losses, and then 10% should be set aside as legal reserve, but where such legal reserve amounts to the total authorized capital, this provision shall not apply. In addition, the Company may set up a special reserve according to its operating needs and legal requirements. If there is still surplus and undistributed surplus at the beginning of the same period, the Board of Directors shall propose a surplus earnings distribution proposal and submit it to the shareholders' meeting for resolution.

The profit distribution proposal referred to in the preceding paragraph, authorized the Board of Directors to distribute dividends and bonuses, or all or part of the legal reserve and capital surplus in accordance with Article 241 of the Company Art, with more than two-thirds of the directors present and a resolution passed by more than half of the directors present, in cash form, and report to the shareholders' meeting.

The dividend distribution of the Company is coordinating with the current year's earnings status and based on the principle of maintaining dividend stability; in consideration of the Company's future capital needs and long-term financial planning, among the distributed shareholder dividends, the cash dividends shall not be less than 20% of the total dividends amount. However, the shareholders' meeting may adjust it depending on the actual earning status of the current year and future capital planning.

Chapter VII. Supplemental Provisions

Article 26 When the Company intends to revoke the public issuance of its stock, a resolution shall be passed by the shareholders' meeting, and this article shall not be changed during the emerging period and the listing period.

Article 27 If there are any matters not covered in this Articles of Incorporation, they shall be handled in accordance with the Company Art and relevant laws and regulations.

Article 28 This article was established on November 4, 1996.
The first amendment was on January 25, 1997.
The second amendment was on September 1, 1997.
The third amendment was on July 20, 1999.
The fourth amendment was made on March 5, 2000.
The fifth amendment was made on April 12, 2001.
The sixth amendment was made on May 18, 2001.
The seventh amendment was on October 8, 2001.
The eighth amendment was made on May 10, 2002.
The ninth amendment was made on February 12, 2003.
The tenth amendment was made on June 30, 2004.
The eleventh amendment was made on September 14, 2004.
The twelfth amendment was made on November 17, 2004.
The thirteenth amendment was made on August 8, 2005.
The fourteenth amendment was made on May 17, 2006.
The fifteenth amendment was on June 23, 2006.
The sixteenth amendment was made on June 28, 2007.
The seventeenth amendment was made on June 6, 2008.
The eighteenth amendment was made on June 8, 2010.
The nineteenth amendment was made on June 15, 2011.
The twentieth amendment was made on June 6, 2012.
The twenty-first amendment was made on June 20, 2013.
The twenty-second amendment was made on June 28, 2016.
The twenty-third amendment was made on June 22, 2017.
The twenty-fourth amendment was made on June 28, 2019.
The twenty-fifth amendment was made on August 31, 2021.
The twenty-sixth amendment was on June 29, 2022.

ACES ELECTRONICS CO., LTD.

Chairman: Yuan Wan-Ting

Appendix 3.

ACES ELECTRONICS CO., LTD. Shareholding of All Directors Reference Date: April 29, 2023

Position	Name	Numbers of share held (shares)	Shareholding ratio (%)
Chairman	Yuan Wan-Ting	8,863,487	6.59
Director	Weiji Investment Co., Ltd.	5,583,185	4.15
Director	Hsieh Han-Chang	0	0.00
Director	Hsu Chang-Fei	6,128,631	4.56
Independent Director	Lee An-Chen	0	0.00
Independent Director	Liaw Dar-Lii	0	0.00
Independent Director	Sheen Gwo-Ji	0	0.00
Total number of shareholdings of all directors (excluding independent directors)		20,575,303	15.31

Note: As of the book closure date of the general meeting of shareholders on April 29, 2023, the total number of issued shares of the Company is 134,417,709 shares. According to Article 26 of the Securities and Exchange Act and regulations of "Rules and Review Procedures for Directors and Supervisor Share Ownership Ratios at Public Companies", the minimum number of shares which is required to be held by all directors of the Company is 8,065,062 shares.