

Stock code : 8021



# 尖點科技股份有限公司

## TOPOINT TECHNOLOGY CO., LTD

# 2023 Annual Report

Taiwan Stock Exchange Market Observation Post System :

<https://emops.twse.com.tw/server-java/t58query>

<http://www.topoint.tw/en/>

Published on February 29, 2024

### Notice to readers

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

## Topoint Technology Co., Ltd.

### 1. Spokesperson

Name: Charles Chang

Title: Special Assistant to President

Tel.: +886-2-2680-5868 ext. 816

E-mail address: charles\_chang@topoint.tw

### Deputy Spokesperson

Name: julianna Ko

Title: Manager

Tel.: +886-2-2680-5868 ext. 509

E-mail address: julianna@topoint.tw

### 2. Addresses and telephone number of Headquarter and Factory

Address: No. 203, Sec. 3, Jiayuan Rd., Shulin Dist., New Taipei City 238, Taiwan (R.O.C.)

Tel.: +886-2-2680-5868

### 3. Stock transfer agent

Grand Fortune Securities Co., Ltd.

Address: 6F, No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

Tel.: +886-2-2383-6888

Website: <https://www.gfortune.com.tw>

### 4. Auditors

Deloitte & Touche

Auditors: Chien-Hsin, Hsieh and Po-Jen, Weng

Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)

Tel.: +886-2-2725-9988

Website: <https://www.deloitte.com.tw>

### 5. Name of the institute for oversea negotiable security trade: None.

### 6. Company website: <https://www.topoint.tw>

## Table of contents

	page
I. Letter to Shareholders.....	1
II. Introduction of Corporation.....	4
1. Establishment Date.....	4
2. Development history.....	4
III. Corporate Governance Report.....	6
1. Organization System.....	6
2. Directors, General Manager, Vice president, Assistant V.P., and department heads.....	8
3. Business management.....	21
4. CPA's Fees.....	57
5. CPA's information.....	59
6. The Chairman, General Manager, and financial or accounting manager of the company who had worked for the independent auditor or the related party in the most recent years.....	59
7. Information on Net Change in Shareholding and Net Chang in Shares Pledged by Directors, Supervisors, Department Heads, and Shareholders 10% shareholding or more.....	60
8. The relation of the top ten shareholders as defined by Finance Standard Article 6.....	60
9. Investment form Directors, Supervisors, Managers and directly or indirectly controlled businesses.....	61
IV. Stock subscription.....	62
1. Capital and shares.....	62
2. Corporate bonds.....	69
3. Preferred stock.....	69
4. ADR/GDR.....	69
5. Employee's stock option certificates.....	69
6. New restricted employee shares.....	69
7. Merger and acquisition (including merger, acquisition, and split) .....	69
8. Fund implementation plan.....	69
V. Overview of business operation.....	70
1. Principal activities.....	70
2. Market analysis and the condition of sale and production.....	73
3. Status of employees.....	77
4. Expenditure on Environmental Protection.....	77
5. Employee / Employer relation.....	77
6. Information and communication management.....	80
7. Important agreements.....	81
VI. Financial information.....	82
1. Condensed Balance Sheet and Income Statement of the last five years.....	82
2. Financial Analysis in the past five years.....	86
3. Audit Committee's report in the most recent years.....	88
4 Consolidated financial statements in the most recent years.....	88
5. Financial statements in the most recent years.....	88
6. Impact of financial difficulties of the Company and related party on the Company's financial position.....	88
VII. Review of financial position, management performance and risk management.....	90
1. Financial position.....	90
2. Management performance.....	91
3. Analysis of cash flow.....	92

	page
4. Impact of major capital expenditure on finance and business.....	92
5. Policies, reasons for gain or loss and action plan in regard to investment plans in current year and the next year.....	92
6. Risk management.....	92
7. Other important matters.....	94
VIII. Special disclosures.....	95
1. Information of Affiliated Firms.....	95
2. Subscription of marketable securities privately in the most recent years.....	99
3. The stock shares of the company held or disposed by the subsidiaries in the most recent years.....	99
4. Supplementary disclosures.....	99
5. Occurrence of events defined in Securities Transaction Law Article 36.3.2 that has great impact on shareholder's equity or security price in the most years and up to the date of the report printed.....	99
APPENDIX	
Appendix I: Independent Auditors' Report and 2022 Consolidated Financial Statements.....	100~179
Appendix II: Independent Auditors' Report and 2022 Parent-Company-Only Financial Statements.....	180~259

## I. Letter to Shareholders (Business Report)

Dear Shareholders,

According to the “Global Economic Prospects” released by the World Bank in January 2024, the global GDP growth rate is projected to be 2.4% in 2024, slowing down for the third year in a row mainly due to sluggish global trade and rising interest rates as central banks worldwide combat inflation. Among the major economies, the U.S. economy is forecast to slow to 1.6% in 2024 from 2.5% in 2023 as tightened monetary policy restrains economic activities; while in the Euro area, high energy prices continue to erode the economy, resulting in an expected growth rate of merely 0.7% in 2024. As for China, the growth is forecast to be 4.5%, the slowest expansion in over three decades, due to its demographic structure and rising debt ratios.

In 2023, the slowdown of global economy led to weaker-than-expected end demand in the electronics industry. Consequently, the entire industry chain continued to carry out inventory adjustment, which largely contributed to the Company’s 22% year-over-year decline in revenue. Our operation performance for the past year and our plans and outlook for the future are presented in the following paragraphs.

In 2023, the Company’s consolidated revenue amounted to NT\$2.75 billion. The one-time income tax expense due to earnings repatriation from our operations in China brought about a net loss of NT\$36 million and an earnings per share (EPS) of NT\$ -0.25. Looking forward to 2024, the Company has set definite growth and performance targets and expects to outperform peers in terms of revenue and profitability. Our 2023 operating results and 2024 business plans are summarized as follows:

### 1. 2023 Operating Results

#### (1) Operation performance

In thousands of New Taiwan Dollars

	2023		2022		Changes in Dollar Amount	Changes in Percentage
	Amount	%	Amount	%		
Consolidated operating revenue	2,748,486	100%	3,510,400	100%	-761,914	-22%
Consolidated gross profit	616,764	23%	1,062,322	30%	-445,558	-42%
Consolidated profit from operations	81,802	3%	506,228	14%	-424,426	-84%
Consolidated profit before income tax	137,020	5%	543,579	15%	-406,559	-75%
Net profit	(36,026)	-1%	332,245	10%	-368,271	-111%

#### (2) Budget implementation

The Company did not disclose financial forecasts in 2023.

(3) Profitability analysis

Items (consolidated basis)		2023	2022
Financial structure (%)	Debt ratio	27.16	27.80
	Long-term fund to fixed asset ratio	273.02	297.22
Liquidity analysis (%)	Current ratio	416.65	371.20
Operating performance analysis (%)	Accounts receivable turnover (times)	2.76	2.92
	Inventory turnover (times)	3.06	3.41
Profitability analysis (%)	Return on assets (%)	-0.35	5.13
	Return on shareholders' equity (%)	-0.75	7.02
	Basic earnings per share (NT\$)	-0.25	2.34

(4) Research and development

The Company focused on the two tasks of enhancing product performance and reducing costs. Key products completed or under development in 2023 were:

- A. Development and mass production of specialized drill bits for new-generation servers.
- B. Development and mass production of specialized drill bits for new-generation ABF substrates.
- C. Development and mass production of coated drill bits for automotive electronics.
- D. Development and mass production of specialized drill bits for low earth orbit satellites.
- E. Continuous development of mainstream technologies and products in line with customer needs and industry trends. In 2023, research and development expenses accounted for approximately 4.6% of revenue for the year, i.e., about NT\$126 million.
- F. Continuous development of patented technologies. The Company was granted with 17 new patents in 2023, delivering a cumulative total of 177 patents by the end of 2023.

(5) Implementation status of other projects

- A. New plant in Thailand: In order to satisfy end customers' needs for decentralized production locations, we established Topoint Technology (Thailand) Co., Ltd. in Thailand in 2023. Plant construction is scheduled for 2024 with mass production expected to commence in 2025.
- B. Technology development services: We continue to work with customers on developing products and improving technology capabilities in line with future trends. We propose PCB drilling solutions that are closely aligned with customers' requirements of product development and drill bit performance in areas of high-performance computing, servers as well as high power and automotive electronics.
- C. Environment, social responsibility and corporate governance: The Company actively promotes corporate sustainability. We formulate goals and development strategies in areas of environment, society and governance (ESG) in order to achieve corporate sustainability. In 2023, besides the parent company, we persistently drove more

subsidiaries to take part in ISO 14064 greenhouse gas inventory and external assurance process. We were awarded the platinum award in the corporate sustainability reports category of the 2023 Taiwan Corporate Sustainability Awards (TCSA), which recognized our achievements and efforts in promoting corporate sustainability.

## **2. 2024 Business Plan Overview**

### **(1) Operation guidance and key policies**

- A. Continue to invest in research and development in order to enhance our technological capabilities and consequently our product competitiveness.
- B. Implement lean management on cost and expense in order to secure our competitive edge.
- C. Constantly monitor industry trends for market development and growth.
- D. Continuously promote ESG-related actions and fulfill our social responsibilities.

### **(2) Overview on future developments**

According to the market research firm Prismark, global PCB market size is expected to grow by 4.9% in 2024 compared to the previous year. The figure indicates a mild recovery of the overall PCB market due to an end to inventory adjustment, coupled with improving demand of end products such as cell phones, NB and PC, and new applications including electric vehicles, servers, and satellite communications. The growth rate of high-end PCBs will outperform the market due to surging demand for high value-added products from new applications and products. We will closely monitor every industry and technology trend and be ready to respond to changes and opportunities in order to enhance our competitiveness and maintain a sound operation.

We would like to thank all directors for your long-term support and will stay committed to generating and sharing positive results with you in the coming year.

We wish you all good health and prosperity!

Chairman: Hsu-Ting, Lin

President: Juo- Ping, Lin

Accounting Officer: Li-Ching, Ke

## II. Introduction of Corporation

### 1. Establishment date :

Established on: April 12, 1996

### 2. Development history :

- 1) 1996: Topoint Technology Co., Ltd. was established to engage in production and sales of precision drills with NT\$15 million in capital.
- 2) 1997 : In order to meet the market demand, it increased its capital by NT\$17.5 million to purchase new machinery equipment. By then, the total paid-in capital was NT\$32.5 million.
- 3) 1998 : It increased its capital by NT\$66.7 million to enlarge its business scale and purchase new machinery equipment. By then, the total paid-in capital was NT\$99.2 million. The factory was relocated to Beinei Street of Shulin where the factory buildings were enlarged so as to meet future expanding operation
- 4) 1999: It garnered RWTUV ISO9002, a quality assurance accreditation, in April, and had a cash capital increase of NT\$20.8 million on Sep. 20 for the purchase of leading-edge equipment to enhance production capacity. By then, the capital increase by earnings recapitalization was NT\$18.25 million, whereas the paid-in capitalization was NT\$138.25 million.
- 5) 2000: As approved by the competent authorities in May for public offer, it increased NT\$120 million of capital in cash in June to purchase production equipment and advanced inspection instruments to elevate production capacity and assure product quality. By then, the capital increase by earnings recapitalization was NT\$10.56 million, capital increase by capital surplus as stock dividends was NT\$4.19 million and the paid-in capitalization was NT\$273 million.
- 6) 2001: It increased NT\$54.91 million of capital by earnings recapitalization and NT\$12.09 million of capital by capital surplus as stock dividends in August. In December of the same year, it increased NT\$ 50 million of capital in cash to purchase production equipment, repay bank loans and supplement the working capital. By then, the paid-in capitalization was NT\$390 million.
- 7) 2003: It registered for the listing of the emerging stock on January 2, and increased NT20 million of capital in cash in December to purchase equipment and expand production capacity. By then, the paid-in capitalization was NT\$410 million.
- 8) 2004: It increased NT\$16.93 million of capital by earnings recapitalization in June to supplement the working capital. In December, it increased NT\$57 million of capital in cash to repay bank loans. As a total the paid-in capitalization was NT\$483.93 million. In December, its stock went public on the OTC market. New Shulin plant in Taiwan started operation and migrated headquarter to the new plate. Setup Topoint South China office in Shenzhen.
- 9) 2005: It relocated its factory to the present address having larger space so as to meet the demand for future expanding operation, and increased NT\$68,651,250 of capital by earnings recapitalization in July. As a total, the paid-in capitalization was NT\$552,581,250.
- 10) 2006: It issued NT\$40 million of its first local unsecured convertible corporate bonds in February to purchase equipment and repay bank loans, increased NT\$100 million of capital in cash in March to purchase equipment and expand production capacity, issued 5,520 units of employee stock options in April, and increased NT\$101,706,700 of capital by earnings recapitalization in July. As a total, the paid-in capitalization was NT\$773,881,710.
- 11) 2007: It increased NT\$112,269,820 of capital by earnings recapitalization in July to supplement the working capital. As a total, the paid-in capitalization was NT\$954,691,270. Expanded Shulin and Shanghai plants to 13 million units of overall capacity. Topoint was granted qualified from Taiwan Corporate Governance Association. Established Japanese subsidiary Topoint Japan. Setup Topoint North China office.
- 12) 2008: It increased NT\$115,873,410 of capital by earnings recapitalization and change shares of employee stock option. As a total, the paid-in capitalization was NT\$1,070,564,680. Transferred stock listing from OTC exchange to TWSE exchange. Expanded Shulin and Shanghai plants to 17 million



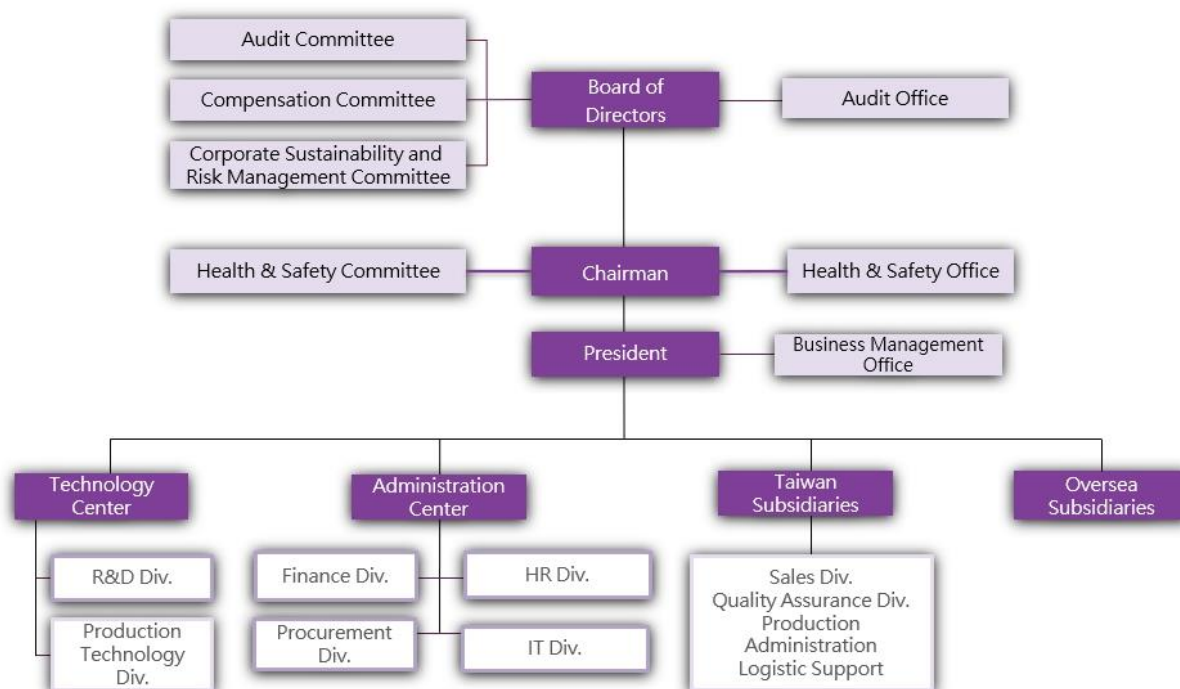
units of overall capacity. New Shanghai plant started operation.

- 13) 2009: It increased NT\$100 million of capital in cash in August to repay bank loans, and issued NT\$200 million of its first private of unsecured convertible bonds in September to repay bank loans, increased NT\$96,153,230 of capital by earnings recapitalization and change shares of employee stock option. As a total, the paid-in capitalization was NT\$1,266,717,910. Established Unipoint Technology Company.
- 14) 2010: It increased NT\$23,696,680 of unsecured convertible bonds in November, and increased NT\$48,801,550 of capital by earnings recapitalization and change shares of employee stock option. As a total, the paid-in capitalization was NT\$1,339,216,140. Established Unipoint Technology (Shenzhen) Company and Sharpoint (Qinhuangdao) Company.
- 15) 2011: It increased NT\$142,180,070 of unsecured convertible bonds, increased NT\$37,198,860 of capital by earnings recapitalization and increased NT\$7,090,000 of employee stock option. As a total, the paid-in capitalization was NT\$1,525,685,070. Established Sharpoint Technology (Shenzhen) Company and Sharpoint Technology (Suzhou) Company.
- 16) 2012: It increased NT\$40,892,590 of capital by earnings recapitalization. As a total, the paid-in capitalization was NT\$1,566,577,660. Established Kunshan Topoint Electronics Company.
- 17) 2013: It increased NT\$12,327,800 of capital by earnings recapitalization. As a total, the paid-in capitalization was NT\$1,578,905,460.
- 18) 2014: It increased NT\$9,100,000 of capital by change shares of employee stock option. As a total, the paid-in capitalization was NT\$1,588,005,460. Established Sharpoint Electronics (Huaian) Company and Chengdu Raypoint Precision Tools Co., Ltd and Kunshan Raypoint Precision Tools Co., Ltd.
- 19) 2015: It increased NT\$4,035,000 of capital by change shares of employee stock option. As a total, the paid-in capitalization was NT\$1,592,040,460. Established Winpoint Electronics (Huaian) Company. Shanghai Topoint granted 2015 TPM Excellence Award, by JIPM.
- 20) 2016: It increased NT\$2,742,500 of capital by change shares of employee stock option. As a total, the paid-in capitalization was NT\$1,594,782,960. Established Shanghai Ringpoint Nano Material Co. Ltd. Invested Shanghai Hejin Roller Technology Co. Ltd.
- 21) 2018: NT\$159,478,290 of capital reduction. As a total, the paid-in capitalization was NT\$1,435,304,670. Established E-point Precision Tools Co., Ltd. & Established Sharpoint Electric (Suzhou) Co., Ltd.
- 22) 2019: NT\$13,500,000 of cancellation of treasury shares. As a total, the paid-in capitalization was NT\$1,421,804,670.
- 23) 2020: The production capacity of drills reached 23 million units. Taiwan received obtained ISO45001 occupational health and safety management system certification new version. And ISO 14001 environmental management system certification new version. DRILL-TEK Corporation became a Topoint subsidiary.
- 24) 2021: The production capacity of drills reached 25million units. Mass production of drills which are especial for ABF substrate and electric vehicle. COSMOS VACUUM Technology Corporation became a Topoint subsidiary.
- 25) 2022: The production capacity of drills reached 28million units. Taiwan received obtained ISO 14064-1 organizational greenhouse gas inventory and verification.
- 26) 2023: Topoint Technology Co., Ltd. introduced ISO 50001 energy management system. Shanghai Topoint Precision Technology Co., Ltd. passed ISO 14064-1 organizational greenhouse gas inventory and verification. Established Point Topoint Technology (Thailand) Co., Ltd.. Established Yellowstone Topoint Electronics Co., Ltd.. The production capacity of drills reached 30million units.

### III. Corporate Governance Report

#### 1. Organization System

##### (1) Organization Chart



##### (2) Major Corporate Functions

Title	Name	Authority
Chairman	David Lin	<ul style="list-style-type: none"> <li>Formulate company management directives.</li> <li>Leading corporate strategies and objectives.</li> </ul>
President	Karen Lin	<ul style="list-style-type: none"> <li>Oversee corporate operation goals, budget plan and control.</li> <li>Execute corporate strategies and objectives.</li> <li>Conduct system regulations and project management on finance, human resource, procurement, IT functions.</li> </ul>
Executive Vice President	Stanley Weng	<ul style="list-style-type: none"> <li>Approve annual business budget plan in China region and supervise implementation results.</li> <li>Establish key business plan, product marketing and customer relationship management.</li> <li>Conduct high efficiency team in China region, to achieve operational performance goals and abide by the law.</li> </ul>
Vice President	Jacky Huang	<ul style="list-style-type: none"> <li>Supervise product research &amp; development activities.</li> <li>Establish medium-term &amp; long-term product development strategies.</li> <li>Conduct optimization and advancement of production technology.</li> </ul>
Senior Director	Charles Yen	<ul style="list-style-type: none"> <li>Oversee operation results of Drilling Service subsidiaries, in China region.</li> <li>Manage customer relations and service solutions.</li> </ul>
Corporate Governance Officer	Charles chang	<ul style="list-style-type: none"> <li>Handle the affairs of the board of directors and shareholders meeting in accordance with the law, and assist the company to comply with relevant laws and regulations.</li> </ul>

		<ul style="list-style-type: none"> <li>• Coordinating the operation of the executive board and various functional committees.</li> <li>• Prepare minutes of board and shareholder meetings.</li> <li>• Assist directors in compliance with laws and regulations, appointment of directors and continuing education.</li> <li>• Other matters stipulated in the company's articles of association or contract.</li> </ul>
Financial Manager	Julianna Ko	<ul style="list-style-type: none"> <li>• Corporate budget plan, control and management.</li> <li>• Corporate financial planning and investment management.</li> <li>• Tax and accounting system planning and execution.</li> </ul>

Department	Major functions
Audit Office	Internal audit planning & implementing, designing auditing guidance, evaluating effectiveness of the internal control system and supervising audit work in the subsidiaries.
Environmental Health & Safety Office	In order to process the occupational safety and health policy, Topoint established "Occupational Safety and Health Committee". The CEO is the chairman of the committee and assigned Occupational Safety and Health department, all department managers, Labor health service workers and Labor representatives organized the meeting quarterly to reviewing, coordinating and recommending labor safety and health related businesses
Business Management Office	Assist the President in business management performance enhancement, investor relation and other projects. Coordinate and undertake the operation and communication of the Board of Directors and functional committees.
Technology Center	R&D of advanced technologies and development of new products. Patent planning and management.
Administration Center	Coordinate the establishment and implementation of various systems such as accounting, human resources, procurement, and information technology.

## 2. Information about Directors, General Manager, Vice presidents, Assistant presidents, Chiefs of Respective Divisions and Branch Offices

Directors :

(1). Information Regarding Directors

February 29, 2024

Title	Nationality/ Country of Origin	name	Gender /Age	Elected (inaugurated) date	Term (years)	1 <sup>st</sup> elected date	Shares held when being elected		Current shareholding		Shareholding of spouse and minors		Shares held in the names of others		Current post and/or education	Post concurrently taken in the company or other companies	Other executives, directors or supervisors in spouse relationship or kin relationship within 2 <sup>nd</sup> degree			Remarks
							shares	Shareholding ratio	Number of shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation	
Chairman	Republic of china	David Lin	Male 61~70	2021/07/22	3	03/18/1996	5,324,342	3.74%	5,519,260	3.88%	310,000	0.22%	-	-	The Chairman of the company Student of National Open University	The Chairman of the boards of directors and Chief Executive Officer of the company. Directors and supervisors of subsidiaries	President	Karen Lin	Daughter	-
Director		Karen Lin	Female 41~50	2021/07/22	3	2010/06/15	960,713	0.68%	1,116,104	0.78%	-	-	1,260,900	0.89%	Master of Information Management, National Chung Cheng University	The President of the company; Directors and supervisors of subsidiaries; Director of COTA Commercial Bank; CEO of Moneyou Company Limited.	Chairman	David Lin	Father	Note1
Director		Fortune Venture Capital Corporation	-	2021/07/22	3	2006/06/20	4,416,152	3.11%	4,416,152	3.11%	-	-	-	-	-	Director of Subtron Technology.Co.,.LTD 、 Taiwan Semiconductor CO., LTD. 、 Crystalwise Technology Inc & Winwin Precision Technology	-	-	-	-
		Karis Peng	Male 51~60	2021/07/22	3	2018/06/14	-	-	-	-	-	-	-	-	Ph.D. in Management of Technology from National Chiao Tung University Institute.	Director and General Manager of UMC capital corporation. Director and Chairman of Puriumfil Inc.& Tera Energy Development CO., LTD. Director of Crystalwise Technology Inc. 、 TXC Corporation. 、 TrendForce Inc. & Simplo Technology CO. LTD Independent director of Kiwi technology Inc.		-	-	-
		Macking International Investment	-	2021/07/22	3	2018/06/14	3,000,600	2.11%	3,000,600	2.11%	-	-	-	-	-	-	-	-	-	-
Director		Wen-Jin, Li	Male 61~70	2021/07/22	3	2018/06/14	-	-	-	-	-	-	-	-	The General Manager of Rechi Precision Co., Ltd. Bachelor's degree in Mechanical Engineering from National Taiwan University	Chairman of Macking International Investment Corporation.	-	-	-	-

Independent director		Amy Chen	Female 51~60	2021/07/22	3	2021/07/22	-	-	-	-	-	-	-	-	Master of Business Administration, University of Birmingham, UK	CEO and CPA of Dalee Finance Consulting Co., Ltd.	-	-	-	-
Independent director		Jeff Chen	Male 71~80	2021/07/22	3	2021/07/22	-	-	-	-	-	-	-	-	Bachelor of Science in Mechanical Engineering, National Taiwan University	Director of E-CMOS Corp. Director of Taivital Biopharmaceutical Co. Ltd.	-	-	-	-
Independent director		Eric Hsu	Male 61~70	2021/07/22	3	2021/07/22	1,000	0.00%	1,000	0.00%	-	-	-	-	Bachelor of Laws, National Taiwan University	NA	-	-	-	-
Independent director		Andrew Hsu	Male 51~60	2022/06/09	3	2022/06/09	-	-	-	-	-	-	-	-	National Chung Cheng University Ph.D.in Law,LL.M.,UC Berkeley	LEXPRO ATTORNEYS-AT-LAW Managing Partner	-	-	-	-

Note1: Where the chairman and president or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures must be disclosed:

In order to strengthen the company's operation and management, the company's chairman and president are second cousins to each other. Because the general manager has the professional ability to coordinate the operation strategy, it can improve the operation efficiency and decision-making execution ability of the company, which is of obvious benefit to the company. However, it is expected that the board of directors of the company will add an independent director to further strengthen corporate governance, enhance the functions of the board of directors, the company has added an independent director by by-election in June 2022, and now has a total of four independent directors and strengthen supervision functions.

## A. Major institutional shareholders:

February 29, 2024

Name of institutional shareholder	Major shareholders of the institutional shareholders
Fortune Venture Capital Corporation	100% of shares are held by United Microelectronics Corp.
Macking International Investment	15.06% of shares are held by Jheng-De, Li 13.95% of shares are held by Zheng Ting, Li 10.57% of shares are held by Wen-Jin, Li 8.44% of shares are held by Liqiang, Huang 7.82% of shares are held by Ming-Zhu, Ping 6.82% of shares are held by Shue, Lu 5.46% of shares are held by Yan-Da, Huang 4.38% of shares are held by Zhiwei, Du 3.90% of shares are held by Xianzhou, Hu 3.34% of shares are held by Yunmei, Huang

## B. Major shareholders of the major shareholders that are Juridical Persons

February 29, 2024

Shareholder's Name	Shareholding	
	Common Shares	%
JPMorgan Chase Bank, N.A. acting in its capacity as depositary and representative to the holders of ADRs	671,674,630	5.37
Hsun Chieh Investment Co., Ltd.	441,371,000	3.53
Fubon Life Insurance Co, Ltd.	375,801,000	3.01
Silicon Integrated Systems Corp.	266,580,424	2.13
Taiwan Life Insurance Co, Ltd.	224,440,000	1.79
Yann Yuan Investment Co., Ltd.	192,963,000	1.54
New Labor Pension Fund	190,225,200	1.52
China Life Insurance Co, Ltd.	161,063,000	1.29
Citibank in custody for Norges Bank	160,651,110	1.28
Citibank Taiwan in custody for Government of Singapore	149,810,000	1.20

Note: <https://www.umc.com/en/Html/faqs>

### C. Professional Qualifications and Independence Analysis of Directors

<div>Criterion</div> <div>Name</div>	Professional qualification and experience	Independence	No. of concurrent directorship of other public firms held
David Lin	David Lin has assumed the Chairman position since the founding of the Company. Having close to 30 years of experience in the drilling industry, David Lin brings leadership, business management, financial, accounting and operating experiences to the Board of Directors. As of the publication date of the annual report, David Lin has never committed any offence listed in the Company Act, Article 30.	As an employee of the Company and a director of affiliated subsidiaries, David Lin is one of the top ten Shareholders of the Company currently. He and the President have a familial relationship within the first-degree kinship. To strengthen the independence of the Board of Directors, as of the publication date of the annual report, David Lin has never committed any offence listed in the Securities and Exchange Act, Article 26-3.	None
Karen Lin	Karen Lin has received long-term training as the successor of the Company management. Assuming managerial and special assistant positions, Karen Lin has close to 17 years of experience. Her expertise lies in leadership, business management, financial, accounting and risk management, bringing much experience to the Board of Directors. As of the publication date of the annual report, Karen Lin has never committed any offence listed in the Company Act, Article 30.	As an employee of the Company and a director of affiliated subsidiaries, the shareholding of Karen Lin (including shareholding under other person(s)) amounts to 1.59%. She and the Chairman have familial relationship within the first-degree kinship. As of the publication date of the annual report, Karen Lin has never committed any offence listed in the Securities and Exchange Act, Article 26-3.	None
Kris Peng	Kris Peng has work experience in board leadership, business management, and directorship in other public firms. As of the publication date of the annual report, Kris Peng has never committed any offence listed in the Company Act, Article 30.	Kris Peng holds no concurrent positions in the Company or other affiliated subsidiaries. Currently, he is a representative of a corporate shareholder who is one of the top ten shareholders. As of the publication date of the annual report, Kris Peng has never committed any offence listed in the Securities and Exchange Act, Article 26-3.	1

<div>Criterion</div> <div>Name</div>	Professional qualification and experience	Independence	No. of concurrent directorship of other public firms held
Wen-Jin, Li	Wen-Jin, Li has work experience in board leadership, business management, and directorship in other public firms. As of the publication date of the annual report, Wen-Jin, Li has never committed any offence listed in the Company Act, Article 30.	Wen-Jin, Li holds no concurrent positions in the Company or other affiliated subsidiaries. Currently, he is a representative of a corporate shareholder who is one of the top ten shareholders. As of the publication date of the annual report, Wen-Jin, Li has never committed any offence listed in the Securities and Exchange Act, Article 26-3. For the most recent two years, Wen-Jin, Li has provided services totaling NT\$3.27 million to the Company.	None
Amy Chen	Amy Chen has acquired a number of professional certifications, including Certified Public Accountant, Certified Internal Auditor and Certified Valuation Analyst. She also has 15 years of experience working in the securities underwriting sector and extensive experience in financial, accounting, auditing and business management. As of the publication date of the annual report, Amy Chen has never committed any offence listed in the Company Act, Article 30.	Amy Chen does not hold any shares of the Company or any concurrent director positions in affiliated subsidiaries. As of the publication date of the annual report, Amy Chen has never committed any offence listed in the Securities and Exchange Act, Article 26.-3. The Company is of the opinion that Amy Chen's independence is not curtailed.	1
Jeff Chen	Jeff Chen has work experience in board leadership, business management, and directorship in other public firms. As of the publication date of the annual report, Jeff Chen has never committed any offence listed in the Company Act, Article 30.	Jeff Chen does not hold any shares of the Company or any concurrent director positions in affiliated subsidiaries. As of the publication date of the annual report, Jeff Chen has never committed any offence listed in the Securities and Exchange Act, Article 26.-3. The Company is of the opinion that Jeff Chen's independence is not curtailed.	None
Eric Hsu	Eric Hsu has expertise in commercial law. Currently, he is serving as a volunteer for the Probation Officers Association under Taiwan Taipei District Prosecutor's Office, assisting in probational affairs for adults. As of the publication date of the annual report, Eric Hsu has never committed any offence listed in the Company Act, Article 30.	Eric Hsu is holding 1,000 shares of the Company, but is not holding any concurrent director positions in affiliated subsidiaries. As of the publication date of the annual report, Eric Hsu has never committed any offence listed in the Securities and Exchange Act, Article 26-3. Nevertheless, The Company is of the opinion that the shareholding of Eric Hsu does not curtail his independence.	None



Criterion Name	Professional qualification and experience	Independence	No. of concurrent directorship of other public firms held
Andrew Hsu	The main areas of expertise are trust law, securities transaction law, estate planning, dispute resolution and intellectual property law. He has served as a district court judge for more than ten years. Andrew Hsu has never committed any offence listed in the Company Act, Article 30.	Andrew Hsu does not hold any shares of the Company or any concurrent director positions in affiliated subsidiaries. As of the publication date of the annual report, Jeff Chen has never committed any offence listed in the Securities and Exchange Act, Article 26.-3. The Company is of the opinion that Jeff Chen's independence is not curtailed.	1

## The diversity of composition and Independence Analysis of the Board of Directors

Substantial management goals of the diversification policy regarding Board of Directors membership are as follows:

The Board of Directors shall give instructions for strategies to be adopted by the Company, supervise the management, and report to the Company and the shareholders. For the various operations and arrangements of the corporate governance system, the Board of Directors shall make sure to fulfill its functions based on the requirements set forth in laws and regulations, and the Articles of Incorporation and decisions made in shareholders' meeting. The composition of the Board of Directors shall take into consideration the scale of corporate management and development and the shareholding status of primary shareholders and adequately combine practical operational demand to include an appropriate number of directors, which shall be no fewer than 7.

### I. Diversification Policy:

The composition of the Board of Directors shall take into consideration diversification. Appropriate Diversification Directives shall be defined reflective of its operation, operational pattern, and developmental demand and shall include, without limitation, the following two major aspects:

(I) Basic criteria and values: gender, age, and culture, etc.

(II) Professional knowledge and skills: Professional background (such as laws, accounting, industries, finance, information, or technology), professional skills, and industrial experience, etc.

For the membership of the Board of Directors, talent will be the unchanged principle. The members shall basically possess industrial experience and related skills and be capable of making operational judgment, business administration, leadership, and crisis management, etc. For the sake of fulfilling the ideals and goals of corporate governance, the Board of Directors, in general, shall possess the following skills:

1. Operational judgment
2. Accounting and financial analysis
3. Business administration
4. Crisis management
5. Industrial knowledge
6. International market perspective
7. Leadership
8. Decision-making

### II. Substantial Managerial Goals:

To meet the corporate business development demand, the Board of Directors shall consist of industrial, financial/accounting, and managerial experts. There needs to be at least 1 member specializing in leadership, operation, judgment, business administration, crisis management, accounting/finance, and commercial laws. In addition, the Company also values gender equality in the composition of its Board of Directors and hence has at least 1 female director.

### III. Fulfillment of Diversification in Membership of Current Board of Directors:

The Company currently has 8 members in its Board of Directors, including 4 independent directors and 4 directors and among them, 2 are female directors. Currently, based on their education and experience, the professionalism of respective members are as follows: professional manufacturing skills x 3, business

administration x 4, finance/accounting x 4, risk management x 3, commercial law x 2 and all of them possess industrial knowledge and international market perspectives. Related implementation is shown in the table below:

Title	Name	Gender	Age		Industry Experience			Professional Skill			
			40~50	Above50	Manufacturing Technical	Management	Financial Investment	Risk Management	Accounting and Financial	Law	Information Engineering
Chairman	David Lin	Male		●	●	●		●	●		
Director	Karen Lin	Female	●			●		●	●		●
Director	Fortune Venture Capital Corporation Representative: Karis Peng	Male		●		●	●		●		
Director	Macking International Investment Representative: Wen-Jin, Li	Male		●	●	●		●			
Independent director	Amy Chen	Female		●			●		●		
Independent director	Jeff Chen	Male		●	●						
Independent director	Eric Hsu	Male		●						●	
Independent director	Andrew Hsu	Male		●						●	

Independence of the board: Describe the number and proportion of independence directors, as well as their independence. Furthermore, describe whether circumstances listed in Securities and Exchange Act, Article 26-3 and 26-4 exist, including whether spousal relationship or familial relationship within the second degree of kinship exist between directors or between supervisors, or between director(s) and supervisor(s):

The President and Chairman of the Company have familial relationship within the first-degree kinship. As the President possesses professional caliber in coordinating business strategies, and thus is able to enhance the management efficiency and strategy implementation capability of the Company, the arrangement is beneficial to the Company. To strengthen the independence of the Board, The company has a total of 8 directors, 4 of which are independent directors, accounting for 50% of the total number of directors Although the chairman and the general manager are relatives of each other, all independent directors maintain independence when performing business and have no interest in the company, so as to enhance the functions of the board of directors and strengthen the supervision function.

## (2) President, Vice President, Junior V.P., and Department Heads

February 29, 2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of china	David Lin	Man	2005/11/29	5,519,260	3.88	310,000	0.22	-	-	The Chairman of the company Student of National Open University	The Chairman of the boards of directors and Chief Executive Officer of the company. Directors and supervisors of subsidiaries	President	Karen, Lin	Daughter	-
President,		Karen Lin	Female	2015/08/10	1,116,104	0.78	-	-	1,260,900	0.89	Master of Information Management, National Chung Cheng University	The President of the company; Directors and supervisors of subsidiaries; Director of COTA Commercial Bank; CEO of Moneyou Company Limited.	Chairman	David, Lin	Father	Note1
Executive Vice President		Stanley Weng	Man	2014/02/01	100,066	0.07	-	-	-	-	Manager of Topoint Student of Affiliated Senior High School of National Taiwan Normal University	Directors and supervisors of subsidiaries	-	-	-	-
Vice president		Jacky Huang	Man	2006/05/08	54,887	0.04	3,978	0.00	-	-	Manager of ASE Inc. / Graduate of the materials science and engineering department of Feng Chia University	-	-	-	-	-
Chairman's Special Assistant		Slash Chen	Man	2002/02/01	173,210	0.12	-	-	-	-	Manager of Topoint / Graduate of Mingshin Junior College.	Directors and supervisors of subsidiaries;	-	-	-	-
Vice president		Peter Hsueh	Man	2023/12/01	0	0.00	-	-	-	-	National Chung Cheng University Master of Chemical Engineering	-	-	-	-	-
Senior Director		Charles Yen	Man	2014/02/01	92,193	0.06	24,764	0.02	-	-	Manager of Gigabyte / Graduate of the accounting department of Soochow University	Directors and supervisors of subsidiaries	-	-	-	-
Financial Manager		Julianna Ko	Female	2008/06/26	14,909	0.01	-	-	-	-	Junior manager of Taiwan International Securities / Graduate of the accounting department of Soochow University	-	-	-	-	-

Business Continuity Management Committee		Charles Chang	Man	2022/05/05	0	0.00	-	-	-	-	Taihong Technology Accounting Manager Central Plains International Trade Department	-	-	-	-	-
--	--	---------------	-----	------------	---	------	---	---	---	---	--	---	---	---	---	---

Note1: Where the chairman and president or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures must be disclosed:

In order to strengthen the company's operation and management, the company's chairman and president are second cousins to each other. Because the general manager has the professional ability to coordinate the operation strategy, it can improve the operation efficiency and decision-making execution ability of the company, which is of obvious benefit to the company. The company has by-elected an independent director on June 9, 2022. The company's independent directors have a total of four seats, accounting for 50% of the total seats, enhance the functions of the board of directors, and strengthen supervision functions.

### (3) Remuneration of Directors, President, and Vice President

#### (I) Remuneration of Directors

Unit: NT\$ thousand/1,000 shares

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C) Note1		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	David Lin	0	0	0	0	694.7	741.2	35	70	-2.0%	-2.3%	2,473	7,339	0	0	1,300	0	1,300	0	-12.5%	-26.2%	-
Director	Karen Lin	0	0	0	0	694.7	741.2	45	80	-2.1%	-2.3%	2,460	7,856	108	108	1,200	0	1,200	0	-12.5%	-27.7%	
Director	Fortune Venture Capital Corporation Kris Peng	0	0	0	0	694.7	694.7	30	30	-2.0%	-2.0%	0	0	0	0	0	0	0	0	-2.0%	-2.0%	
Director	Macking International Investment Corporation Wen-Jin, Li	0	0	0	0	694.7	694.7	30	30	-2.0%	-2.0%	0	0	0	0	0	0	0	0	-2.0%	-2.0%	
Independent director	Amy Chen	0	0	0	0	694.7	694.7	70	70	-2.1%	-2.1%	0	0	0	0	0	0	0	0	-2.1%	-2.1%	
Independent director	Jeff Chen	0	0	0	0	694.7	694.7	80	80	-2.2%	-2.2%	0	0	0	0	0	0	0	0	-2.2%	-2.2%	
Independent director	Eric Hsu	0	0	0	0	694.7	694.7	70	70	-2.1%	-2.1%	0	0	0	0	0	0	0	0	-2.1%	-2.1%	
Independent director	Andrew Hsu	0	0	0	0	694.7	694.7	65	65	-2.1%	-2.1%	0	0	0	0	0	0	0	0	-2.1%	-2.1%	

1.Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

For the remuneration of independent directors, besides referring to results of director performance evaluations, the Remuneration Committee considers each director's degree of participation and contribution to the Company's operations, links the reasonableness and fairness of performance and risks to remuneration, considers the Company's business performance and the remuneration standards of competitors, and makes

recommendations to the Board of Directors in accordance with Article 18 of the Company's Articles of Incorporation.

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors : NT\$466.

Note 1. As passed in the board meeting on February 27, 2024 for 2023 annual earnings distribution, NT\$5,557,839 is for remuneration of directors and supervisors and NT\$33,347,034 for employee bonus. The distributed amounts shown above were calculated according to last year's distribution ratio.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	David Lin 、 Karen Lin 、 Fortune Venture Capital Corporation 、 Macking International Investment Corporation 、 Amy Chen 、 Jeff Chen 、 Eric Hsu 、 Andrew Hsu	David Lin 、 Karen Lin 、 Fortune Venture Capital Corporation 、 Macking International Investment Corporation 、 Amy Chen 、 Jeff Chen 、 Eric Hsu 、 Andrew Hsu	Fortune Venture Capital Corporation 、 Macking International Investment Corporation 、 Amy Chen 、 Jeff Chen 、 Eric Hsu 、 Andrew Hsu	Fortune Venture Capital Corporation 、 Macking International Investment Corporation 、 Amy Chen 、 Jeff Chen 、 Eric Hsu 、 Andrew Hsu
NT\$1,000,001 ~ NT\$2,000,000	-	-	-	-
NT\$2,000,001 ~ NT\$3,500,000	-	-	-	-
NT\$3,500,001 ~ NT\$5,000,000	-	-	David Lin 、 Karen Lin	-
NT\$5,000,001 ~ NT\$10,000,000	-	-	-	David Lin 、 Karen Lin
NT\$10,000,001 ~ NT\$15,000,000	-	-	-	-
NT\$15,000,001 ~ NT\$30,000,000	-	-	-	-
NT\$30,000,001 ~ NT\$50,000,000	-	-	-	-
NT\$50,000,001 ~ NT\$100,000,000	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	8	8	8	8

(II) Remuneration for President and V.P.

Unit: NT\$ thousand/1,000 shares

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman	David Lin	2,453	4,431	0	0	20	2,908	1,300	-	1,300	-	-10.5%	-24.0%	-
President	Karen Lin	2,440	4,636	108	108	20	3,220	1,200	-	1,200	-	-10.5%	-25.4%	
Executive Vice President	Stanley Weng	2,274	3,308	108	108	1,588	1,701	1,000	-	1,000	-	-13.8%	-17.0%	
Vice President	Jacky Huang	0	2,379	0	108	0	1,520	900	-	900	-	2.5%	-13.6%	
Senior Manager	Charles Yen	1,809	2,856	106	106	700	792	500	-	500	-	8.6%	-11.8%	

Note 1 : As passed in the board meeting on February 27, 2024 for 2023 annual earnings distribution, NT\$5,557,839 is for remuneration of directors and supervisors and NT\$33,347,034 for employee bonus. The distributed amounts shown above were calculated according to last year's distribution ratio.

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Jacky Huang	-
NT\$1,000,001 ~ NT\$2,000,000	-	-
NT\$2,000,001 ~ NT\$3,500,000	Charles Yen	-
NT\$3,500,001 ~ NT\$5,000,000	David Lin 、 Karen Lin 、 Stanley Weng	Charles Yen 、 Jacky Huang
NT\$5,000,001 ~ NT\$10,000,000		David Lin 、 Karen Lin 、 Stanley Weng
NT\$10,000,001 ~ NT\$15,000,000	-	
NT\$15,000,001 ~ NT\$30,000,000	-	-
NT\$30,000,001 ~ NT\$50,000,000	-	-
NT\$50,000,001 ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	5	5

(4) Name of managers who received dividend and the distribution of dividend  
December 31, 2023 NT\$ (thousand)

Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash(Note1)	Total	Ratio of Total Amount to Net Income (%)
Chairman	David Lin	-	6,300	6,300	-17.5%
President	Karen Lin				
Executive Vice President	Stanley Weng				
Vice President	Jacky Huang				
Chairman's Special Assistant	Slash Chen				
Senior Director	Charles Yen				
Corporate Governance Office	Charles Chang				
Financial Manager	Julianna Ko				

Note 1 : As passed in the board meeting on February 27, 2024 for 2023 annual earnings distribution, NT\$33,347,034 for employee bonus. The distributed amounts shown above were calculated according to last year's distribution ratio.

(5) Analysis of the ratio of the total remuneration for the directors, supervisors, general managers and vice general managers of the company and its consolidated statement companies in the recent two years to after-tax net profit, and description of remuneration payment policies, standards, combinations, procedure to determine the remuneration and the correlation with operating performance :

Payment object	The company		All companies in the consolidated statement	
	2023	2022	2023	2022
Total remuneration of directors, supervisors, general managers and vice general managers	22,509 thousand	24,065 thousand	39,229 thousand	50,101 thousand
Ratio of the preceding remuneration to after-tax net profit	-62.5%	7.2%	-108.9%	15.1%

(6) Compensation policy, standard and package, procedures for setting the compensation and correlation with operating performance:

Compensation policy, standard and package:

Note 1:Article 18 of the Company's Articles of Incorporation states that the Company shall appropriate compensation of employees at a rate between 1 and 25 percent and remuneration of directors at a rate no higher than 3 percent of net profit before income tax, compensation of employees, and remuneration of directors.

Note 2 : Remuneration of directors is periodically evaluated in accordance with the "Rules for Performance Evaluation of the Board of Directors." Key evaluation items are as follows:

Operating performance: Take into account the growth rates of operating revenue, operating profit and return on equity of the year. External evaluation: Take into account the changes in the Company's governance evaluation, external board performance evaluation or credit rating agencies. Industry standard: Take into account the average remuneration to directors of listed companies in the same industry or peers. In summary, the decrease in growth rates of operating revenue and operating profit

dragged down operating performance, leading to a 61 percent year-over-year drop in the results of director evaluation as well as related allowances and bonuses to employees.

- Note 3: In terms of compensation to executive officers, various work allowances and bonuses are provided for in the Company's payroll rules as rewards for employees' dedication to work, and bonuses are determined based on the Company's annual operating performance, financial status, and operating status as well as the work performance of individuals. Also, where the Company made profit in a fiscal year, compensation of employees is appropriated at a rate between 1 and 25 percent pursuant to Article 18 of the Articles of Incorporation. Bonus to executive officers is determined based on the results of performance evaluations conducted according to the "Performance Management Rules." Performance evaluation items of executive officers can be categorized into two groups: (1) financial metrics: contributions of each business unit to the Company's margin based on the profit and loss statements and the target achievement rates of executive officers; and (2) non-financial metrics: the practice of the Company's core values, business management capabilities and participation in sustainable management, for the calculation of performance bonus. The compensation system is reviewed on an ongoing basis in light of the actual operating status and relevant laws and regulations.
- Note 4: The Company's compensation package, as determined by the Compensation Committee Charter, includes cash compensation, stock options, stock dividends, retirement benefits or severance pay, various allowances, and other measures with tangible rewards. Its scope is in line with the compensation to directors and executive officers set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

#### **Procedures for setting the compensation:**

- Note 1: In order to evaluate the compensation of directors and executive officers on a regular basis, the results of the "Self-Evaluation of Performance of Directors" would be used as a reference to determine the remuneration to individual directors. Relevant details are available in the "Self-Evaluation of the Board of Directors" section within this annual report. Performance evaluation and reasonableness of compensation have both been examined by the Compensation Committee and the Board. Regarding performance evaluation for compensation to executive officers, annual work targets are set every year with mid-year and year-end performance evaluations carried out in accordance with the "Performance Evaluation Rules" on items including management competence and achievement of work targets. The results are used as the basis for year-end bonuses, promotion and salary adjustments, as well as performance improvement. The Company periodically evaluates the "Rules Governing the Compensation of Directors and Executive Officers," and the compensation packages are submitted to the Compensation Committee and the Board for review and distribution.
- Note 2: In 2023, the self-evaluations of the Board, the Board members, and members of the functional committees had delivered scores of excellences. It follows that the performance of all executive officers had met or exceeded the targets as shown in the results of 2023 performance evaluation. The Company's annual evaluation by business metrics had also met the highest standards.
- Note 3: The Compensation Committee and the Board of Directors assess and examine the performance evaluation of directors and executive officers as well as the reasonableness of their compensation every year. Besides considering the performance target achievement rate and the contribution of individuals, reasonable compensation is determined by taking into account the overall operating performance of the Company and the future risks as well as development trends of the industry, reviewing the compensation system in light of the actual operating status and relevant laws and regulations on an ongoing basis, and incorporating the corporate governance trends at present, thereby striking a balance between sustainable operation and risk control. The actual amounts of compensations to directors and executive officers for the year ended December 31, 2023 were reviewed by the Compensation Committee and proposed to the Board of Directors for approval.

#### **Correlation with operating performance and future risks:**

- Note 1: The payment standards and systems within the Company's compensation policy are reviewed in consideration of the Company's overall operating status, and the payment standards are set based on the performance target achievement rate and contribution level so as to enhance the effectiveness of the Board of Directors and the management team. The compensation standard of the industry is also taken into consideration to ensure the packages of our management team remain competitive in order to retain outstanding management personnel.
- Note 2: The performance targets of the Company's executive officers are tied in with "risk control" for the management and prevention of possible risks within their scope of responsibility, and the performance evaluation results are linked to relevant human resources as well as payroll and compensation policies. Important decisions are made by the management team after considering various risk factors. As the consequences of such decisions are reflected in the Company's profitability, the compensation of the management team is linked to risk performance.



### 3. Business management

#### i Board of Directors

The attendance of Directors for 6 (A) Board Meetings in 2023:

Title	Name	Attendance (B)	Proxy	Frequency of attendance (%) (B/A)	Remarks
Chairman	David Lin	6	0	100	-
Director	Karen Lin	6	0	100	-
Director	Fortune Venture Capital Corporation Corporate Representative Kris Peng	6	0	100	-
Director	Macking International Investment Corporation Corporate Representative Wen-Jin, Li	6	0	100	-
Independent Director	Amy Chen	6	0	100	-
Independent Director	Jeff Chen	6	0	83	-
Independent Director	Eric Hsu	6	0	100	-
Independent Director	Andrew Hsu	6	0	100	Newly appointed on June 9, 2022

Remarks:

A. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(a) Items listed in Article 14-3 of Securities and Exchange Act:

The Company has established Audit Committee, independent directors shall express their opinions in accordance with Article 14-5 of Securities and Exchange Act, please refer to page 23 "Audit Committee Members' Opinions or Resolutions to Material Matters."

(b) Besides the above-stated resolutions of the Board of Directors, resolutions which received objections or reserved comments from the Independent Directors that are supported by appropriate records or written declarations: None.

B. The name of the directors who have excused themselves from the meeting due to a conflict of interest, the name of the directors, the content of the case, the reason for the conflict of interest, and the voting must be stated in details: None.

C. Evaluate its board performance information :

Cycle	Once a year
Period	2023/01/01~2023/12/31
Scope	Includes overall operations of the Board of Directors, Audit Committee, and Compensation Committee. Individual Board members
Method	Self-evaluation by the chief officer of corporate governance of the Board of Directors and individual Board members.
Detail	1. The board of directors : Participation in the operation of the company 、Improvement of the quality of the board of directors' decision making 、Composition and structure of the board of directors 、Election and continuing education of the directors 、Internal control. 2. The board members : Familiarity with the goals and missions of the company 、Awareness of the duties of a director 、Participation in the operation of the company 、

	Management of internal relationship and communication · The director's professionalism and continuing education · Internal control. 3.The Compensation Committee : Participation in the operation of the company · Awareness of the duties of a compensation committee · Improvement of the quality of the compensation committee · Composition and election of the compensation committee · Internal control.
--	---

Description of the evaluation results:

**Board of Directors:**

According to the results and suggestions of the directors' self-assessment, there are 45 assessment items in five aspects, and 8 directors are self-assessed, and all of them give positive comments.

**Audit Committee, and Compensation Committee:**

According to the self-assessment results and suggestions of the members, there are 24 assessment items in five aspects, and 4 members are self-assessed.

**Sustainable Development Committee:**

According to the self-assessment results and suggestions of the members, there are 16 assessment items in four aspects, and 3 members are self-assessed.

D.The goal for improving the function of the board of directors (e.g., establishing the audit committee and enhancing information transparency, etc.) and execution evaluation:

- (a) On July 22, 2021, the Company established Audit Committee to assist the Board of Directors in performing its supervisory duty and strengthen the competency of the Board.
- (b) In October 2021, the Company engaged an external independent agency, Taiwan Investor Relations Institute (TIRI) to perform an assessment on the effectiveness of the Board. TIRI and the experts performing the assessment did not have any business undertakings with the Company and therefore, are independent. They reviewed documentation, circulated questionnaire and conducted interviews on five aspects of the Board, namely the Board composition and professional development, the quality of decision making, the operational effectiveness, internal control and risk management, and Board participation and corporate social responsibility (CSR). On December 31, 2021, an assessment report was produced, in which the recommendations of the assessment and the measures expected to be undertaken shall be reported to the Board on February 24, 2022. The relevant recommendations and improvement measures are as follows:
  - (i) Recommendation: Establish systems that can guide Directors in comprehending the Company quickly.  
Improvement measure: Periodically invite Directors to participate in the Company's meetings. Furthermore, provide Directors information as and when they need it.
  - (ii) Recommendation: Increase the number of Independent Directors.  
Improvement measure: In 2022, one Independent Director shall be added.
  - (iii) Recommendation: Plan for more diverse courses for Directors.  
Improvement measure: More diverse courses in risk management, CSR, internal control system shall be incorporated for Directors to choose from.
  - (iv) Recommendation: Incorporate environmental, social, and corporate governance (ESG) issues in the strategic discussion of the Board and regularly report the implementation status.  
Improvement measure: Report to the Board on the implementation status of CSR actions at least once a year currently, including communication status with stakeholders and incorporating more issues for discussion.
- (c) The company will complete the internal self-evaluation of the board of directors, director members and functional committees in December 2022. The evaluation results are divided into 5 levels, with a full score of 5 points. The evaluation results range from 4.67 points to 5.0 points, according to the 2022 According to the results of the annual performance evaluation of the board of directors, the overall operation of the board of directors is still good. The evaluation results will be reported in the report of the board of directors on February 20, 2023.
- (d) The company will complete the internal self-evaluation of the board of directors, director members and functional committees in December 2023. The evaluation results are divided into 5 levels, with a full score of 5 points. The evaluation results range from 4.67 points to 5.0 points, according to the 2023 According to the results of the annual performance evaluation of the board of directors, the overall operation of the board of directors is still good. The evaluation results will be reported in the report of the board of directors on January 25, 2024.

(2) Audit Committee or Board of Supervisors

A. The attendance of Audit Committee in 2023:

(a) The Audit Committee consists of 4 independent directors.

(b) The first session of Audit Committee of Inauguration date from July 22, 2021 to July 21, 2024

The attendance of Audit Committee for 5 Board Meetings in 2023:

Title	Name	Attendance (Y)	Proxy Frequency of attendance (%) (Y/X)	Remarks
Independent Director (Convener)	Amy Chen	5	100	-
Independent Director	Jeff Chen	5	100	-
Independent Director	Eric Hsu	5	100	-
Independent Director	Andrew Hsu	3	100	2022/6/9 new appointment

Remarks:

A. If there are any circumstances listed below during a meeting of the Audit Committee, the dates of meetings, sessions, contents of motions of the Committee' meetings, all committee members' opinion and the Company's response to committee members' opinion should be specified:

(1) Items listed in Article 14-5 of Securities and Exchange Act: Please refer to page 24.

(2) Besides the above-stated matters, any matter that has not been approved with the consent of one-half or more of all Audit Committee members but approved by two-thirds or more of all Directors: None.

B. If there is any Independent Director(s) avoiding of motions due to conflict of interest, such Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: None.

C. Communications between the Independent Directors, the Internal Auditors and the Independent Auditors (e.g., the items, methods and results of the audits of corporate finance or operations, etc.):

(a) Independent directors and the chief internal auditor contacted and communicate with each other via e-mail, telephone or conference call as needed. Any material abnormal events should be reported to the independent directors or prompt a meeting to be convened. Communication channels are diverse and open. The Company submitted the audit report or follow-up report of the previous month in writing to independent directors for review. Independent directors gave responses or opinions based on the necessity of the report. The chief auditor of the Company attended regularly the quarterly meetings of the Audit Committee, and reported audits performed and the results to the independent directors. The communication records are summarized as follows:

Date	Communications between the Independent Directors	Communication Memos
2023/02/20	Reviewing internal audit reports. internal control system effectiveness assessment and internal control system statement.	No additional comments.
2023/05/04	Reviewing internal audit reports.	No additional comments.
2023/08/03	Reviewing internal audit reports.	No additional comments.
2023/11/02	Reviewing internal audit reports. Reviewing internal audit reports and annual audit plan for the year of 2024.	No additional comments.
2023/12/21	Reviewing internal audit reports and subsidiary supervision reports.	No additional comments.

(b) In addition to reporting to independent directors for the audit or review of financial reports, the Company's CPAs hold at least one legal advocacy briefing at the Company each year to update the financial and communicating key review matters for the corresponding impacts. In normal times, independent directors and CPAs can communicate with each other via e-mail, telephone or meeting at any time as

needed. The Company's independent directors communicated well with CPAs. The communication records are summarized as follows:

Date	Communications between the Independent Directors	Communication Memos
2023/12/22	(a) Explaining the findings and results of the review of consolidated and standalone financial reports and communicating key review matters. (b) Audit Quality Indicators(AQI) (c) Assessment of Fraud Matters.	No additional comments.

**D. Audit Committee Members' Opinions or Resolutions to Material Matters in 2021 Items listed in Article 14-5 of Securities and Exchange Act:**

Audit Committee Meeting Date	Resolutions	Audit Committee Members' Opinion and Company's Response
The 1 <sup>st</sup> meeting of the 9 <sup>th</sup> session 2023/02/20	1.The company's 2022 annual financial statements. 2.The company's 2022 profit distribution plan. 3.The company's 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" cases. 4. The company plans to apply for an endorsement guarantee case for its subsidiary.	No Audit Committee member had any dissenting opinion or qualified opinion to the proposal and all attending members agree to pass the proposal.
The 1 <sup>st</sup> meeting of the 10 <sup>th</sup> session 2023/05/04	1.The company's case for evaluating the independence and suitability of accountants with reference to the Audit Quality Indicators (AQI) in 2023. 2.The company's 2023 annual financial report certification accountant appointment case. 3. The company's financial report for the first quarter of 2023. 4. It is planned to formulate a pre-approval method for the company's visa accountants to provide non-certified services.	
The 1 <sup>st</sup> meeting of the 11 <sup>th</sup> session 2023/08/03	1. The company's second quarter 2023 financial report..	
The 1 <sup>st</sup> meeting of the 12 <sup>th</sup> session 2023/11/02	1. The company's third quarter 2023 financial report. 2. Reviewing internal audit reports and annual audit plan for the year of 2024.	
The 1 <sup>st</sup> meeting of the 13 <sup>th</sup> session 2023/12/21	1. The company's case for evaluating the independence and suitability of accountants with reference to the Audit Quality Indicators (AQI) in 2024 . 2. The company's 2024 annual financial report certification accountant appointment case..	

**(3) Corporate governance and the deviation from the Rules Governing Listed & OTC corporate governance and the causes**

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” on November 10, 2015. The information has been disclosed on the Company's website.	No discrepancy.
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		In addition to the existing hotline and email channels, the Company has established an internal operating procedure, and has designated appropriate departments, such as Investor Relations, Public Relations, and Legal Department, to handle shareholders' suggestions, doubts, disputes and litigation. The company has a spokesman (Charles Chang), a deputy spokesperson (Julianna Ko ) and the stock affairs division.	No discrepancy.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The Finance & Shared Services Division is responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The company has laid down the regulations for trading operation with its affiliated enterprises, and for surveillance of its subsidiaries.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		To protect shareholders' rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations. The company will conduct relevant education and publicity for 15 current directors and managers in December 2023. The subject of the course is to prevent insider trading. The content of the law includes the confidentiality of important information, as well as the causes of insider trading, the identification process and transaction examples.	
3. Composition and Responsibilities of the			Member diversification is considered by the Board members. Factors taken into	No discrepancy.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		account include, but are not limited to gender, age, cultures, educational background, race, professional experience, skills, knowledge and terms of service. The Board objectively chooses candidates to meet the goal of member diversification. The four independent directors have not served consecutive terms for over 3 sessions. In addition, the Board of Directors has eight directors, and the Board's overall abilities meet the Company's needs for future development and comply with the Board diversity policy. Please refer to page 13 of this annual report.	No discrepancy.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		In August 2023, the company's board of directors approved the renaming of the "Corporate Sustainability and Risk Management Committee" that was originally affiliated with the board of directors. The committee consists of director Ms. Lin Ruoping (convener) and independent director Mr. Chen Yifei. and independent director Mr. Xu Zhaoqing. Among them, director Ms. Lin Ruoping has professional fields such as operation management, risk management and financial accounting, and will assist the company in formulating its sustainable development goals, strategies and execution plans. The board of directors also approved Jianidian's "Risk Management Policies and Procedures" on the same day. The company's corporate sustainability committee will hold two meetings in 2023 to discuss the greenhouse gas information inventory report description, future greenhouse gas reduction targets and strategies, and risk management promotion.	
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?	✓		effectiveness and report the implementation results to the Board of Directors.  On December 28, 2016, the company's board of directors resolved to pass the "Performance Evaluation Method of the Board of Directors". At the end of each year, the performance evaluation of the board of directors, director members, and functional committees will be carried out according to the method. The company has completed the 2023 annual performance in December 2023. Self-evaluation, and report to the board of directors on January 25, 2024;	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?			<p>another external performance evaluation every three years, in October 2021, an external professional independent organization will be appointed to conduct the external performance evaluation of the board of directors, and on February 24, 2022 For details,, please refer to page 20 of this annual report.</p> <p>The Company evaluates the independence and suitability of certified public accountants (CPAs) prior to a change of CPAs and based on the Declaration of Independence issued by the CPAs every year. The evaluation verifies that other than audit and tax fees, there is no financial interests nor business relationships between the Company and the CPAs. Next, it verifies that the CPAs are not stakeholders of the Company nor under circumstances set out in Articles 27 and 30 of the Company Act.</p> <p>(1)The Finance Division prepares the “CPA Suitability and Independence Evaluation Form” with relevant independence evaluation items to assess the independence and suitability of CPAs.</p> <p>(2)In addition to the “Declaration of Independence,” we obtain the Audit Quality Indicators (AQIs) issued by the CPAs as a reference for CPA independence and suitability evaluation.</p> <p>(3)The evaluation results would be submitted to the Audit Committee and the Board of Directors for discussion and served as a reference for CPA engagement. The results of independence evaluation this year were submitted to the Audit Committee and the Board of Directors on December 22, 2023.</p> <p>(4)The evaluation results of recent two years were submitted to the Board on May 5, 2023 and December 22, 2023, respectively, as a reference for CPA engagement. Please refer to page 54 of this annual report for the 2023 “CPA Suitability and Independence Evaluation Form.”</p>	
4. Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited	✓		The company passed the resolution of the board of directors on August 7, 2018, designating the current financial manager Julianna Ko as the corporate governance director, In order to comply with the regulations that the director of	No discrepancy.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?			corporate governance is not concurrently held by other positions in the company, the company has passed the resolution of the board of directors on May 5, 2022, and the management office Charles Chang, who is the company's manager. The main responsibilities are to provide directors with the information needed to perform their business, assist directors in complying with laws and regulations, and handle matters related to the board of directors and shareholders meeting in accordance with the law, and actively participate in corporate governance related training courses and corporate governance evaluation and promotion meeting. The total number of trainings is 18 hours in 2023.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The company setup Investor Relations on its website to periodically release the company's business and financial information. In addition, an e-mail address is also available for shareholders to contact the company. The company will report the communication situation with various stakeholders in 2023 to the board of directors on December 22, 2023 and disclose it on the company's website ( <a href="https://www.topoint.tw">https://www.topoint.tw</a> ).	No discrepancy.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has entrusted a stock affairs agency (the stock affairs agency division of Grand Fortune Securities Co., Ltd.) and has exclusive stock affairs personnel to serve shareholders.	No discrepancy.
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system,	✓  ✓		(1)The address of the company's website is: <a href="http://www.topoint.tw">www.topoint.tw</a> The company has already posted its governance information on the website. Viewers may also use the website to link to the Market Observation Post System for enquiry of the company's financial and business information. (2) The company has its spokesperson system which is used to collect and disclose information and as the bridge to communicate with outsiders.	No discrepancy.



Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>webcasting investor conferences)?</p> <p>(3) Does the company announce and announce the annual financial report within two months after the end of the fiscal year, and publish and 1st, 2nd, and 3rd quarter financial reports and the monthly operating status before the prescribed deadline?</p>	✓		(3) The Company announces and reports annual financial statements within two months after the end of each fiscal year, and announces and reports Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit.	
<p>8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>	✓		<p>(1) Advanced study of directors and supervisors: Please go to the corporate governance section of the “Market Observation Post System” on <a href="http://newmops.twse.com.tw">http://newmops.twse.com.tw</a>.</p> <p>(2) The company's shareholding unit regularly arranges directors and supervisors to take courses related to corporate governance.</p> <p>(3) The risk management/measurement and customers protection policy are defined in the company's internal control system, and executed according to the regulations.</p> <p>(4) The directors and supervisors attend of the board when the trustee like fords to a trustee office row bill have excused themselves and benefit that not join the vote.</p> <p>(5) Liability insurance is acquired for directors and supervisors according to the articles of Incorporation.</p>	No discrepancy.
<p>9. Please describe the status of improvement regarding the latest corporate governance evaluation results, issued by the Corporate Governance Center of Taiwan Stock Exchange, and propose priority strengthening matters and measures for those that have not yet improved?</p> <p>In addition, being rated top 6%~20% in the 8<sup>th</sup> “Corporate Governance Evaluation” of TWSE listed companies.</p> <p>(1) Priorities and measures for strengthening: will continue to evaluate the feasibility of future improvement based on the new evaluation indicators.</p> <p>(2) The company will continue to evaluate the feasibility of future improvement for the parts that have not yet been scored.</p>				

(4) Composition, Responsibilities and Operations of Compensation Committee :

Board resolution to establish compensation committee on December 28, 2011 and remuneration committee under the Act, it shall adopt a remuneration committee charter. The remuneration committee members shall be appointed by resolution of the board of directors. The committee shall not be fewer than three members. The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors:

(a) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managerial officers.

(b) Periodically evaluate and prescribe the remuneration of directors and managerial officers.

A. Members of the Remuneration Committee

Condition Name Title		Educational Background / Experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Member of the Compensation Committee
Independent Director (Convener)	Eric Hsu	Eric Hsu has expertise in commercial law. Currently, he is serving as a volunteer for the Probation Officers Association under Taiwan Taipei District Prosecutor's Office, assisting in probational affairs for adults. As of the publication date of the annual report, Eric Hsu has never committed any offence listed in the Company Act, Article 30.	Eric Hsu is holding 1,000 shares of the Company, but is not holding any concurrent director positions in affiliated subsidiaries. As of the publication date of the annual report, Eric Hsu has never committed any offence listed in the Securities and Exchange Act, Article 26-3. Nevertheless, The Company is of the opinion that the shareholding of Eric Hsu does not curtail his independence.	None
Independent Director	Amy Chen	Amy Chen has acquired a number of professional certifications, including Certified Public Accountant, Certified Internal Auditor and Certified Valuation Analyst. She also has 15 years of experience working in the securities underwriting sector and extensive experience in financial, accounting, auditing and business management. As of the publication date of the annual report, Amy Chen has never committed any offence listed in the Company Act, Article 30.	Amy Chen does not hold any shares of the Company or any concurrent director positions in affiliated subsidiaries. As of the publication date of the annual report, Amy Chen has never committed any offence listed in the Securities and Exchange Act, Article 26-3. The Company is of the opinion that Amy Chen's independence is not curtailed.	1
Independent Director	Jeff Chen	Jeff Chen has work experience in board leadership, business management, and directorship in other public firms. As of the publication date of the annual report, Jeff Chen has never committed any offence listed in the Company Act, Article 30.	Jeff Chen does not hold any shares of the Company or any concurrent director positions in affiliated subsidiaries. As of the publication date of the annual report, Jeff Chen has never committed any offence listed in the Securities and Exchange Act, Article 26-3. The Company is of the opinion that Jeff Chen's independence is not curtailed.	None

## B. Compensation Committee Meeting Status

- (a). The Compensation Committee is composed of 3 members.
- (b). The tenure of the 5<sup>th</sup> session is from July 22, 2022 to July 21, 2024.

A total of 3 (A) meeting of the compensation committee were held in 2023. The members' attendance status was as follows:

Title	Name	Attendance (B)	Proxy Frequency of attendance (%) (B/A)	Remarks
Convener	Eric Hsu	2	100	-
Members	Amy Chen	2	100	-
Members	Jeff Chen	2	100	-

### Annotations:

1. If the Board of Directors declines to adopt, or modifies a recommendation of the Compensation Committee: None.
2. The Compensation member has an objection or qualified opinion together with a record or written statement regarding a Compensation Committee resolution: None.

Compensation Committee Meeting Date	Content of Motion	Resolutions	Compensation Committee Members' Opinion and Company's Response
2023/02/20 The 3 <sup>th</sup> Meeting of the 5 <sup>th</sup> Committee	1. Considered the Company's 2022 employee compensation and director and supervisor compensation distribution case for the year.	All attending members unanimously agree to pass the proposal.	All attending Directors unanimously agree to pass the proposal on the Board Meeting.
2023/08/04 The 4 <sup>st</sup> Meeting of the 5 <sup>th</sup> Committee	1. Examine the case of remuneration distribution of directors and supervisors for the year 2022. 2. Examine the case of 2022 employees' remuneration distribution.	All attending members unanimously agree to pass the proposal.	All attending Directors unanimously agree to pass the proposal on the Board Meeting.

(5) Promotion status of sustainable development, and deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. Does the company promote sustainable development governance framework and have a unit that specializes (or is involved) in sustainable development? Is the sustainable development unit run by senior management authorized by the board of directors? How is the supervisory status of the board?	✓		<p>1. In August 2023, Topoint's Board of Directors approved the renaming of its subordinate unit, the "Corporate Sustainable Development Committee," to "Corporate Sustainability and Risk Management Committee." The committee is comprised of three members, namely Director Karen Lin (Convener), Independent Director Jeff Chen and Independent Director Andrew Hsu. Among the three members, Director Karen Lin possesses expertise in the fields of business management, risk management and financial accounting, and would assist in formulating the Company's sustainable development objectives, strategies and implementation plans. The Board also approved the "Risk Management Policies and Procedures" of Topoint on the same day. The Corporate Sustainable Development Committee held two meetings in 2023 to discuss the Greenhouse Gas (GHG) inventory report, future GHG reduction targets and strategies, and risk management performance; and reported the implementation results to the Board.</p> <p>2. Based on the sustainable development strategy and risk management policies and procedures, the Corporate Sustainability and Risk Management Committee divides its functional promotion groups into functional responsibilities: "Corporate Governance", "Partnership", "Happy Workplace", "The members of the "Green Sustainability" and "Social Care" working groups are composed of relevant business units, and supervisors at or above the managerial level of relevant units are appointed as group leaders.</p> <p>3. To implement the corporate sustainable development strategy, the functional promotion group under the Corporate Sustainability and Risk Management Committee has formulated ESG promotion indicators based on its rights and responsibilities, and held a total of 4 meetings in 2024. The content of the proposal was reviewed for early implementation of various ESG promotion</p>	No discrepancy.

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>indicators. Results, and discuss the next stage of work goals and plans, through continuous improvement and improvement, to achieve the goal of sustainable development.</p> <p>4. On December 22, 2024, the operational status and execution results for 2024 were reported to the Board of Directors. The Board has evaluated the probability of success of the relevant strategies and reviewed their progresses. The Board shall induce the management team in making adjustments in a timely manner.</p> <p>5. Supervision of sustainable development by the board of directors:</p> <p>I . Greenhouse gas reduction target: Adhering to the vision of "environmental sustainability" and "corporate sustainability", taking practical actions to invest, Participate in, implement, and support the initiative and promotion of global sustainability issues, and move steadily towards the "zero carbon goal".</p> <p>II . Greenhouse gas reduction strategies:</p> <p>(1) Greenhouse Gas Inventory → Follow the ISO 14064-1 standard and exceed the regulatory schedule, and will be introduced to other subsidiaries in sequence.</p> <p>(2) Green energy equipment investment → In 2022, the Taijian factory will expand solar power generation equipment to 127kw, and in 2023, Shangjian will build solar power generation equipment to 800kw.</p> <p>(3) Introduction of ISO 50001 energy management system → In 2023, Shulin factory will officially introduce ISO 50001 energy management system, comprehensively monitor the energy efficiency of the factory, carry out energy efficiency improvement and improvement, and then plan the path of net-zero emission reduction, and deeply embed sustainable genes into production and operations. In performance.</p> <p>(4) Risk management operations → In 2023, the company identified major risk themes as "information security risk" and "financial risk" based on the four major aspects of "economic (including governance)", "environment", "social" and "others" ” , we will continue to monitor its risks in 2024 and propose</p>	

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>corresponding estimated risk mitigation plans.</p> <p>(5) Major Themes of the Corporate Sustainability Report → The company's major themes of the 2023 Corporate Sustainability Report were approved. Through external and internal questionnaire surveys, nine major themes were selected for the preparation of the Corporate Sustainability Report in 2023.</p>	
2. Has the company performed risk assessment pertaining to the environment, community and corporate governance issues related to the operation of the company in accordance with materiality principle, and established the corresponding risk management policies or strategies?	✓		<ol style="list-style-type: none"> <li>1. Taking into account the differences in operation scale and the relevance between principal businesses, the scope covers the head office in Taiwan and two major production bases, i.e., the Shulin and Shanghai plants. The boundaries of subsequent environmental and social issues are the same as the scope stated above.</li> <li>2. The Company's Sustainability Report identified 24 sustainability issues based on topics of GRI Standards with dimensions including business priorities, developments, and environmental changes. For material topics which have high level of stakeholder concern and greater impact on the economy, environment and society, i.e., risk management, regulatory compliance, customer service, information security, product quality and responsibility, market presence/image, waste management, labor/management relations and occupational safety and health, the management approach, performance and action plans are disclosed. Please refer to page 87 of this annual report for details on risk assessments.</li> <li>3. In accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" of Financial Supervisory Commission (FSC) and the "Risk Management Best Practice Principles for TWSE/TPEX Listed Companies" of Taiwan Stock Exchange Corporation, the Board of Directors resolved to adopt the "Risk Management Policies and Procedures" on August 4, 2023 and performed risk assessments accordingly.</li> <li>4. On October 31, 2023, the task forces under the Corporate Sustainability and Risk Management Committee identified corporate risks and material topics. Major risk issues identified for</li> </ol>	No discrepancy.

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>2024 were “information security risk” and “financial risk,” and the corresponding risk mitigation plans were as follows:</p> <p>[Information security risk] We will continue to monitor the risk in accordance with the mitigation plan proposed in 2023 and allocate funds for necessary expenses. In 2024, we plan to spend NT\$6 million on software upgrades and hardware replacement in order to bolster the entire information security environment and achieve timely system recovery when disaster strikes, thereby ensuring our continuous operation.</p> <p>[Financial risk] In 2024, we will continue to monitor risks associated with major aspects of finance. Details are as follows:</p> <p>(1) Fundraising/financing risk: Increasing uncertainty in fundraising or financing due to operation and financial structure.</p> <p>(2) Cash flow/liquidity risk: Insufficient cash flows/liquidity due to uncoordinated working capital controls of the Company or the tightening of financing terms by financial institutions.</p> <p>(3) Interest rate risk: A significant increase in finance costs due to rising interest rates.</p> <p>(4) Currency exposure risk: Exchange loss arising from underestimation or insufficient hedging of foreign-currency assets/liabilities and exposure.</p> <p>(5) Default risk from accounts receivable: Bad debt loss and increasing capital and management costs due to default of accounts receivable.</p> <p>(6) Lending risk: The risk of overdue or bad debts from loans provided without following the legal procedures or insufficient controls on loans provided according to the legal procedures.</p> <p>(7) Endorsement/guarantee risk: The risk of debts arising from endorsement/guarantee provided without following the legal procedures or insufficient controls on endorsement/guarantee provided according to the legal procedures.</p> <p>(8) Derivatives risk: The risk of loss from speculative trading triggered by the leverage risk and market risk of derivative financial instruments, underestimation of counterparty credit risk,</p>	

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			insufficient knowledge and competence in trading, or the failure of complying with risk management mechanisms. (9) Tax risk: Incorrect tax payments and penalties resulting from inadequate compliance with tax laws and regulations.	
3. Environmental issues (1) the company developed an appropriate environmental management system, given the distinctive characteristics of its industry?	✓		<p>1. The company has stipulated that we must abide by laws and regulations to protect the environment, encourage manufacturers to do a good job, plan pollution inspections thoughtfully, and be diligent in waste reduction and recycling. Promoting healthy employee laughter, continuous commitment to energy conservation, reliable system control, and high energy usage efficiency" are environmental policies. Based on the environmental management system ISO14001, audits of the environmental management system in the factory are regularly performed through planning, implementation, and inspection. The PDCA improvement cycle with confirmation ensures the appropriateness and effectiveness of the overall operation. The ISO 14001 revision verification was completed in December 2017, and the three-year system certificate renewal was completed in January 2026. The validity period is 2026/ 12/20</p> <p>2. The Company will introduce ISO 14064-1 greenhouse gas inventory in 2022,It is expected to complete the greenhouse gas inventory of the entire group by 2027, and all of them will pass external inspections in 2028.</p>	No discrepancy.
(2) Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	✓		<p>1. The energy used by the Company is mainly purchased electricity. Apart from electricity, the consumption of internal organization also includes diesel, etc. However, as the proportion is low, other energy sources are not included into the total energy consumption. In 2023, the total electricity consumption of Topoint</p>	No discrepancy.



Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>Taiwan amounted to 10,599 megawatt-hour (MWh), or an increase of 359 MWh as compared to the preceding year. The total electricity consumption dropped by 3.3% whereas the energy intensity per unit production decreased by 5.2% from the base year.</p> <p>2. The company built the first phase of Taiwan Jiandian solar power generation equipment in the factory at the end of 2017, and will build the second phase of Taiwan Jiandian solar power generation equipment and the first phase of Shanghai Jiandian solar power generation equipment in 2022; Taiwan's peak annual renewable energy power generation amounted to 140,297 kWh, and the proportion of Taiwan's peak's self-generated green power to total electricity usage exceeded the 1% threshold for the first time. It has been built for more than 6 years, and the accumulated renewable energy power generation by 2023 will be 186,295 kilowatt-hours. It supports the development of local renewable energy with practical actions and demonstrates the cutting-edge's active fulfillment and commitment to fulfill its social responsibilities of green energy and environmental protection.</p> <p>3. We shall make use of AI analytical instrument to plan for the improvement on energy conservation for equipment with major power consumption and enhance the maintenance capability for the optimization of energy facility usage. We have even established energy performance indicators and transitional improvement action plans to enhance energy performance. By promoting an environmental policy in energy self-management, we seek to fulfill goals in environmental sustainable development.</p>	
(3) Has the company made an assessment on the present and future potential risks and opportunities posed by climate changes to the company and undertaken countermeasures pertaining to climate changes?	✓		The company has formulated a "Cutting Point Environmental Security and Greenhouse Gas Inspection Policy" and uses risk assessment tools to assess the risks caused by potential threats through the functional promotion group under the "Corporate Sustainability and Risk Management Committee", including the possible risks caused by climate change. The impact will include the risk of water shortage and power shortage, and management mechanisms and preventive measures should be implemented in advance. At the same time, it	No discrepancy.

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			helps the company strengthen its operation and management capabilities, save related costs, and ensure the company's sustainable development. Details have been disclosed in the company's sustainability report.	
(4) Has the company measured its greenhouse gas emissions, water use and total weight of waste for the past two years, and established policies pertaining to energy conservation, reduction in carbon and greenhouse gas emission, reduction in water use, or management of waste disposal?	✓		<ol style="list-style-type: none"> <li>1. The Company implements voluntary GHG inventory every year. The total GHG emissions were 6,107 metric tons of CO<sub>2</sub>e and 7,567 metric tons of CO<sub>2</sub>e, of which Scope 2 indirect GHG emissions amounted to 5,566 metric tons of CO<sub>2</sub>e and 5,316 metric tons of CO<sub>2</sub>e in 2022 and 2023, respectively. In view of the fact that purchased electricity is a major emission item of the Company, energy conservation is our top priority in GHG reduction. Relevant works were carried out based on the annual energy saving schemes formulated by the energy conservation team. The indirect GHG emissions intensity of Topoint Taiwan was 0.062 in 2023, down 9.9 percent compared to 2016. The Company has further set the mid-term goal of reducing 30 percent of its indirect GHG emissions intensity by 2030 compared to 2016. (Information above is based on data from the Shulin Plant of Topoint Taiwan.)</li> <li>2. The Company uses tap water. Water used during manufacturing process accounts for a higher percentage of water consumption while the rest is for daily usage. In 2022, the total water withdrawal was approximately 32.101 million liters, of which 23.314 million liters were used in manufacturing processes while the rest was for daily usage. In terms of water use intensity, manufacturing process had an intensity rate of 2.1-4 million liters/thousand units of production, down 13.1 percent compared to the base year. In 2023, the total water withdrawal was approximately 23.540 million liters, of which 15.579 million liters were used in manufacturing processes while the rest was for daily usage. In terms of water use intensity, manufacturing process had an intensity rate of 1.8-4 million liters/thousand units of production, down 3.5 percent compared to the base year.</li> <li>3. The Company has formulated the "Topoint Environmental, Safety and Energy &amp; Greenhouse Gas Inventory Policy," committing to protect the environment, create a safe work environment which</li> </ol>	No discrepancy.

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			emphasizes occupational safety, health and comfort, and continuously improve energy efficiency. Total waste volume was approximately 88.5 metric tons and 89.2 metric tons in 2022 and 2023, respectively. We recycle reusable resources from waste and adopt source management to prohibit, replace or minimize the use of substances that have environmental impacts. In 2023, our use of recyclable, renewable raw materials had reached 41.9 percent, and through projects such as waste reduction in manufacturing and recycling of packaging materials, we achieved source reduction, thereby accomplishing the goal of waste reduction.	
4. Social issues (1) Has the company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	✓		<p>The Company has established the “Topoint Human Rights Policy,” which prohibits child labor, forced labor and discrimination to provide employees with a safe and comfortable work environment. We abide by laws and regulations of the places where we operate; comply with human rights standards of international conventions, such as the International Bill of Human Rights and the fundamental labor conventions of the International Labor Organization; and implement the Code of Conduct of the Responsible Business Alliance (RBA) to treat our employees with dignity and respect and secure human rights protection.</p> <p>1. To comply with the labor and environmental laws and regulations of the places we operate for employees to enjoy reasonable working conditions.</p> <p>2. To provide a safe and healthy work environment.</p> <p>3. To adopt equal hiring practices and prohibit unlawful discrimination in order to ensure fair employment opportunity.</p> <p>4. To respect employees’ rights to freedom of association and constantly improve employees’ rights and interests.</p> <p>5. To prohibit child labor and forced labor.</p> <p>6. To assist employees with maintaining physical and mental health and a work-life balance.</p> <p>7. To review and assess relevant systems and practices on a regular basis.</p> <p>In 2023, the Company organized a number of sessions to advocate for</p>	No discrepancy.

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			“Maternity Protection & Prevention of Rights Violation,” “Prevention of Rights Violation - Zero Tolerance for Workplace Bullying,” and “Prevention of Rights Violation at Workplace (for managers),” which attracted 45 participants, 233 participants and 26 participants, respectively.	
(2) Has the company established and implemented reasonable employee benefit measures (including salary, leave and other benefits), reasonably reflecting the operating results in employee salary?	✓		<ol style="list-style-type: none"> <li>1. The Company has prescribed in its Articles of Incorporation that “for pre-tax net profit before employee compensation and director remuneration, the Company shall appropriate between 1% and 25% of the profit as employee compensation.” Furthermore, various reasonable salary and remuneration policies have been established. Meanwhile, key CSR indicators and the usual management performance indicators of various departments are integrated. The employee performance evaluation includes the fulfillment of quantitative indicators for working assignments and qualitative indicators for implementing management principle. The employee performance review system and CSR policy are thus integrated.</li> <li>2. The Company treats every employee fairly in terms of recruitment, hiring, appraisal, promotion and training opportunity. It also conforms to international standards of human rights policy, including ban of child labor, forced labor, and discrimination against ethnicity, gender, religion, skin color, age, political party orientation, sexuality, pregnancy, disability and social background as an effort in providing equal employment opportunity. For 2023, the female employees comprised 40% and female supervisors comprised 18% in the Taiwan factories.</li> </ol>	No discrepancy.

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(3) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		<ol style="list-style-type: none"> <li>1. The company holds regular employee health examinations every year and hires occupational medicine specialists. In addition to providing on-site services to the company every month, a total of 20 health promotion lectures and online promotions were held in 2023, with a total of 2,003 people participating; the company also won the 2023 Annual National Health Service Commendation "Excellent Healthy Workplace – Vibrant and Vibrant Award".</li> <li>2. The company completed the triennial ISO 45001 Occupational Safety and Health Management System and CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS) system certificate renewal operations in December 2023. The validity date of both certificates is December 28, 2026. The company has been strengthening the company's internal occupational safety and health management content in accordance with ISO 45001 Occupational Safety and Health Management System and CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS). A total of 3,512 person-hours of safety, hygiene, and health management education and training will be conducted in 2023.</li> <li>3. The number of major occupational disasters that occurred in the company in 2023 was zero. Four emergency response drills are planned every year to continuously enhance employees' emergency response capabilities and to understand and master various disasters and emergencies as quickly as possible. In order to reduce disaster losses, personal injuries and impacts, emergency response drills (day or night) are planned and conducted every quarter to build the emergency response capabilities of all employees, reduce losses caused by disasters, and further ensure the work safety of workers.</li> <li>4. The number of fires in the company in 2023 is 0, the number of casualties is 0, and the ratio of casualties to the total number of employees is 0%. Description of relevant improvement measures in response to fires: establish an emergency response team and conduct fire drills every quarter.</li> </ol>	No discrepancy.

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(4) Has the company implemented an effective training program that helps employees develop skills over the course of their career?	✓		Establishing a learning organization is a development strategy for employees. It is done by providing internal and external training courses for new recruits and existing employees, certification and evaluation. The Company also actively cultivates internal trainers, in hopes of cultivating various types of talents, promoting the staff quality, and fulfilling the goals of talent nurturing, skill enhancing and experience conferring. In 2023, the Company had a total of 13,424.5 training hours. On average, every employee completed 40.1 training hours. Meanwhile, the Company has established a group-wide e-learning platform, which has played a crucial role during the pandemic. The Company is able to provide employees with the correct epidemic prevention information promptly. A friendly learning environment that is not restricted by time or location is thus fostered. During the time where employees could not attend classes in person, they were still able to learn on-line and continue to grow.	No discrepancy.
(5) Pertaining to the health and safety of customer when using the company's products and services, consumer privacy, marketing and labeling, does the company comply with the relevant regulations and international standards, and establish relevant policies on consumer protection and complaint procedure?	✓		The procurement process of the Company consists of call of bid and price negotiation procedures. In an open, transparent and fair competition environment, amongst qualified vendors, the Company seeks to cooperate with companies that provide good quality products and services. If there is any problem regarding research and development, procurement, production, operation and service provision process, the stakeholders may contact the corresponding departments in the Company. The stakeholders may also file a complaint via the Stakeholder section on the Company website. The sales and labeling of the Company's products and services are not subject to the governance of any regulations. However, they are compliant of ISO standards. In 2023, the Company had not violated regulations of information provision and labeling of products and services, or self-imposing protocols.	No discrepancy.
(6) Has the company established policy on supplier management, demanding suppliers to observe code of conduct pertaining to environmental protection, labor safety and health or labor	✓		For any business undertaking, the Company shall require the vendors to sign the Letter of Compliance with CSR Requirements for Suppliers. Furthermore, the Company shall assess the vendors' past record whether they have committed infractions that leave harmful	No discrepancy.

Implementation item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
rights, and monitoring their implementation?			environmental or social influences. In 2023, the submission rate of the letter of compliance by key vendors amounted to 100%.	
5. Does the company refer to universal standard or guideline for report preparation when preparing for ESG report and other non-financial disclosure reports? Does the company obtain the confirmation or affirmation opinion from third certification party for the aforementioned reports?	✓		The 2023 Sustainability Report of the Company is verified and certified by SGS Taiwan Ltd.. SGS Taiwan undertook the audit in accordance with AA1000 Assurance Standard and GRI Standards 2021. It is estimated that the verification statement shall be provided in June 2024.	No discrepancy.
6. If the company has established integrity management principles in accordance with “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the current practices and any deviations from the Best Practice Principles: : None.				
7. Other information relevant to understanding the implementation of ESG: <b>The company's corporate sustainability awards in 2023 include: 2023 TCSA Taiwan Corporate Sustainability Report - Electronic Information Manufacturing Platinum Award, 2023 Taiwan Investor Relations Awards - Listed Small and Medium Enterprises Best Investor Relations Enterprise Award, 2023 Outstanding Healthy Workplace - Vibrant Award, 2023 Happy Enterprise - Manufacturing Silver Award.</b> For related corporate sustainable developments of the Company, refer to the Company's Sustainability Report or visit the Company's website at: <a href="https://www.topoint.tw/tw/download/">https://www.topoint.tw/tw/download/</a>				

## Climate-related Information

### Climate-related Information

Item	Implementation status
1. Describe the oversight and governance of the Board and management on climate-related risks and opportunities.	<p>The “Corporate Sustainability and Risk Management Committee” was established under the Board of Directors as the leading governance unit in the management of climate change issues, with the President being the convenor and the chairman. Under the guiding principle of sustainable development, the committee is responsible for reviewing Topoint’s sustainability and risk management policies, objectives, strategies, and action plans. It reports regularly to the Board on the implementation of sustainable development and risk management.</p> <p>“Task forces” are assembled under the committee to be the leading unit in assessing, managing, and executing actions in relation to the opportunities and risk of climate change, with the President being the convenor. The task forces regularly identify risks and formulate corresponding preventive management and mitigation plans.</p> <p>In addition, the “Environmental, Safety and Health Committee” is established under the Chairman’s Office to review the emergency response plan and organization, and conduct drills on a regular basis.</p>
2. Describe how the identified climate risks and opportunities would affect the business, strategy, and finances of the entity (short, medium, and long-term).	<p>Significant opportunities identified this year were changes in customer preferences and behaviors, and low-carbon technology transformation. In terms of climate risk, the five significant risks identified this year were changes in the energy structure and related regulations, market uncertainty, changes in the status of natural resources, increasing GHG regulations, and changes in the status of environmental factors.</p> <p>They mainly affect the Company’s energy consumption structure with an increase in relevant costs, disaster prevention planning, and workforce composition and strategy in respect of long-term direct operations; raw material supply and scheduling as well as contingency strategy at the upstream of value chain; and shipment stability and safety stock planning at the downstream of value chain.</p>
3. Describe the financial impact of extreme weather events and transition activities.	<p>The impacts of climate events, such as extreme weather disasters, include energy shortage, equipment damage, and labor shortage on the operation level, as well as stability of supply and shipment within the value chain. Transition actions such as standards set forth in applicable laws and regulations and changes in energy structure would result in rising costs of energy, GHG emissions, labor, related investments and regulatory</p>



	compliance, along with financial impacts such as product replacement or obsolescence when existing products fail to comply with laws and regulations or standards.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The highest-ranking officers of all departments would gather every year to identify and assess climate and other operational risks. The assessment covers types of opportunities and risks as well as the likelihood, degree and duration of impacts. They also implement quantitative assessment on the financial impact of major climate risk, and establish feasible risk management targets and indicators, thereby incorporating climate-related risk management into the goals of sustainable operation. The “Corporate Sustainability and Risk Management Committee” reviews the results on a quarterly basis and reports the status to the Board of Directors on a regular basis.
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions and analysis factors adopted as well as major financial impacts shall be described.	This year, climate risk and its impacts were analyzed using the quantitative assessments on the financial impact of each risk. Please refer to the 2023 ESG report for details.
6. If there is a transition plan for managing climate-related risks, describe the plan details, and the indicators and targets used to identify and manage physical risks and transition risks.	Topoint sets quantitative indicators and targets for four aspects: strengthening the climate resilience of the value chain, increasing R&D in carbon reduction, optimizing energy efficiency, and recycling waste, and reviews regularly. Please refer to the 2023 ESG report for details.
7. If internal carbon pricing is adopted as the planning tool, the pricing criteria shall be clarified.	No internal carbon pricing was applied this year.
8. If related climate goals are set, the activities, greenhouse gas emission range, planned timeline, and annual targets, among others, that are covered shall be clarified. If carbon trade-off or renewable energy certificates (RECs) are used to achieve related goals, the source of the carbon reduction quota traded off and the quantity or the number of the renewable energy certificates (RECs) shall be clarified.	Please see page 46 of this annual report.
9. Greenhouse gas inventory check and verification/validation.	Please see page 46-48 of this annual report.

1-1 The company's greenhouse gas inventory and confirmation status in the last two years

1-1-1 Greenhouse gas inventory information

<p><b>Company Profile</b></p> <p><input type="checkbox"/> A company in the steel/cement sector with a capital size of \$10 billion and above</p> <p><input type="checkbox"/> A company with a capital size of \$5 billion to \$10 billion</p> <p><input checked="" type="checkbox"/> A company with a capital size of less than \$5 billion</p>	<p>According to the sustainable development pathway of TWSE/TPEX-listed companies, the disclosure shall at least include</p> <p><input type="checkbox"/> Parent company's stand-alone check</p> <p><input type="checkbox"/> Check of subsidiaries included in the Consolidated Financial Statement</p> <p><input checked="" type="checkbox"/> Parent company stand-alone verification and validation</p> <p><input type="checkbox"/> Verification and validation of subsidiaries included in the Consolidated Financial Statement</p>
---	---

Year	2022		2023		2022	2023
Scope 1	Total emissions (CO2e in tonnage)	Density (CO2e in tonnage/thousand pieces)	Total emissions (CO2e in tonnage)	Density (CO2e in tonnage/thousand pieces)	資料涵蓋範圍	
Parent company	171.6973	0.0016	925.2905	0.0108	Topoint Technology Co., Ltd. Shanghai Topoint Precision Technology Co., Ltd. Shanghai Ringpoint Nano Material Co., Ltd.	Topoint Technology Co., Ltd. Shanghai Topoint Precision Technology Co., Ltd. Shanghai Ringpoint Nano Material Co., Ltd.
Subsidiary	180.789	0.0012	266.7706	0.0021		
Total	352.4863	0.0028	1,192.0611	0.0129		
Scope 2	Total emissions (CO2e in tonnage)	Density (CO2e in tonnage/thousand pieces)	Total emissions (CO2e in tonnage)	Density (CO2e in tonnage/thousand pieces)		
Parent company	5,565.5078	0.0509	5,315.5407	0.0621		
Subsidiary	7,560.7042	0.0510	6,930.9158	0.0538		
Total	13,126.2122	0.1019	12,246.4565	0.1159		
Scope 3 (voluntary disclosure)	Total emissions (CO2e in tonnage)	Density (CO2e in tonnage/thousand pieces)	Total emissions (CO2e in tonnage)	Density (CO2e in tonnage/thousand pieces)	2022	2023

Parent company	370.2478	0.0034	1,325.6782	0.0155	Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd.
Subsidiary	1,986.952	0.0134	3,244.7092	0.0252	Shanghai Topoint Precision Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.
Total	2,357.1998	0.0168	4,570.3874	0.0407	Shanghai Ringpoint Nano Material Co., Ltd.	Shanghai Ringpoint Nano Material Co., Ltd.

#### 1-1-2 Greenhouse Gas Confirmation Information

Year	2022				2023			
Scope 1	Validating range	Verifying/Validating institution	Verification criteria	Validating opinion	Validating range	Verifying/Validating institution	Verification criteria	Validating opinion
Parent company	All the above data have been verified	TUV NORD	ISO 14064-1:2018	Reasonable Assurance	Not verified yet	TUV NORD	ISO 14064-1:2018	Not verified yet
Subsidiary								
Scope 2								
Parent company								
Subsidiary								
Scope 3 (voluntary disclosure)	All the above data have been verified	TUV NORD	ISO 14064-1:2018	Limited Warranty	Not verified yet	TUV NORD	ISO 14064-1:2018	Not verified yet
Parent company								
Subsidiary								

Note 1: Scope 1: In response to the request of the inspection unit, refrigerants and fire-fighting agents listed in the "Montreal Protocol" were included in the inventory, so the emissions increased.

Note 2: Scope 3: In response to the requirements of the inspection unit, the "indirect carbon footprint of electricity" was included in the inventory. Since electricity is a major emission of the Group, the emissions increased.

Note 3: For the company's greenhouse gas assurance status in 2023, please see the company's 2023 corporate sustainability report.

## 1-2 GHG Reduction Targets, Strategies, and Concrete Action Plans

Item	Implementation status
Specify the GHG base year and data thereof, the reduction target, strategy and concrete action plan, and the status of target achievement.	<p>1. GHG reduction target: For the parent company of Topoint Group (Topoint Technology Co., Ltd.) to reduce 30 percent of its indirect GHG emissions intensity by 2030 compared to the base year (2016)</p> <p>2. Data of base year (2016): Indirect GHG emissions intensity of 0.069 (metric tons of CO<sub>2</sub>e/thousand units of production)</p> <p>3. Data of current year (2023): Indirect GHG emissions intensity of 0.062 (metric tons of CO<sub>2</sub>e/thousand units of production)</p> <p>4. Status of target achievement in current year (2023): Indirect GHG emissions intensity dropped by 9.9 percent compared to the base year</p> <p>5. Strategy and concrete action plan: Topoint sets quantitative indicators and targets for four aspects: strengthening the climate resilience of the value chain, increasing R&amp;D in carbon reduction, optimizing energy efficiency, and recycling waste, and reviews regularly. Please refer to the 2023 ESG report for details.</p>

(6) Integrity management company to perform the case and adopt measures:

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?</p> <p>(2) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?</p>	V		<p>(1) “Integrity” is one of Topoint’s core values. The Company has established its “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct” and “Guidelines for the Code of Ethical Conduct” by shareholder on Jun.13,2008and Jun.11, 2013. Awareness training is also provided to employees during their regular training sessions, and directors and senior executives are also required to attend training courses in ethical corporate management.</p> <p>(2)The aforementioned principles and related regulations were announced and disseminated to employees, The Company established its “ Reporting illegal and non-ethical or non-integrity management practices”</p> <p>(3) In addition to prohibiting business activities related to the risk of dishonesty behaviors and adopting preventive measures in the “Code of Good Faith Management”, the company also regularly inspects the relevant operating procedures through internal audits to prevent the risk of dishonesty behaviors.</p>	No discrepancy.
<p>2. Ethic Management Practice</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Has the company established effective systems for both accounting and internal control to facilitate ethical</p>	V		<p>(1)The Company conveying our integrity requirements to all our business partners. In addition, an ethic-related clause is included in every business contract. If there is any breach of the clause, the Company may terminate the partnership at any time without any further obligation or compensation.</p> <p>(2) In order to improve the management of integrity management of the company, the Corporate Sustainability Committee is responsible for the formulation and supervision of the integrity management policy and prevention plan, and reported to the board of directors on July 7, 2023. So far, no</p>	No discrepancy.

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>corporate management, and are they audited by either internal auditors or CPAs on a regular basis?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	V		<p>major violations have been found.</p> <p>(3) Taking the overall interests of the company as consideration shall not be intended to make their own, spouse, parents, children, or relatives within three degrees of improper advantage or prejudice the company's interests.</p> <p>(4) The Company has established accounting and internal control systems to ensure integrity in our operations. After internal auditors have analyzed and reviewed the annual audit program according to the risk evaluation results, the Company will compile them into an audit report.</p> <p>(5) In 2023, the Company had organized 26 sessions of anti-corruption course. The training hours amounted to 171.5 hours. As of the end of 2023, all 335 full-time employees had completed the course (only employees of the parent company were counted; not including employees from domestic and overseas subsidiaries). The completion rate amounted to 100%. Furthermore, the employees are required to sign “Letter of Commitment for Ethical Compliance”. All 335 employees have signed the letter of commitment and the overall completion rate is also 100%.</p>	
<p>3. Implementation of Complaint Procedures</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(3) Does the company provide proper whistleblower</p>	V	V	<p>(1) In order to establish a corporate culture of integrity and transparency, promote sound operations, and protect the rights and interests of whistleblowers, the Board of Directors approved the “Rules Governing the Handling of Reported Illegal, Unethical, or Dishonest Behaviors” on July 7, 2023. Complaint channels such as hotlines, e-mail addresses and mailing addresses were set up and announced on the corporate website and intranet for internal and external parties to report incidences of crimes, frauds, or violations of the law. The Legal Compliance Division is designated to</p>	No discrepancy.

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
protection?			<p>manage complaints received while the Audit Division is assigned to carry out necessary investigations. Whistleblowing channels are set out below: (1) Crimes and frauds associated with property, profits, competition, intellectual property, and confidentiality: In-charge unit: Audit Office of Topoint Technology Co., Ltd. E-mail: <a href="mailto:integrity@topoint.tw">integrity@topoint.tw</a> Hotline: 02-2680-5868#812 (2) Sexual harassment, stalking and harassment behaviors: In-charge unit: Health and Safety Office of Topoint Technology Co., Ltd. E-mail: <a href="mailto:shp@topoint.tw">shp@topoint.tw</a> Hotline: 02-2680-5868#885 Fax: 02-2680-7588#885 (3) Other complaints, including violations of company or work rules: In-charge unit: Administration Department of Topoint Technology Co., Ltd. E-mail: <a href="mailto:wr@topoint.tw">wr@topoint.tw</a> Hotline: 02-2680-5868#519 All types of complaints can be filed online at the following website: <a href="https://www.topoint.tw/tw/agree/work%20ethic%20complaint">https://www.topoint.tw/tw/agree/work ethic complaint</a>. (2) The company has stipulated the standard operating procedures for the investigation of complaints, and the identity of the informant and the content of the report are kept absolutely confidential. (3) The company provides a safe and confidential reporting channel, and protects the safety of whistleblowers from the risk of retaliation (or threats, harassment).</p>	
4. Information Disclosure			The address of the company's website is:	No discrepancy.

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		<a href="http://www.topoint.tw">www.topoint.tw</a> The company has already posted its governance information on the website. Viewers may also use the website to link to the Market Observation Post System for enquiry of the company’s financial and CSR report.	
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies): Please go to the address of the company’s website: <a href="http://www.topoint.tw">www.topoint.tw</a>				



- (7) Enquiry of corporate governance rules and related regulations: Please go to the corporate governance section of the "Market Observation Post System" .
- (8) The information to help investors more aware of how the company's corporate governance is operated:
  - a. Please go to "Investor Relations" of company's website [www.topoint.tw](http://www.topoint.tw)
  - b. Advanced study the governance rules of Managers: Please go to the corporate governance section of the "Market Observation Post System" on [http://newmops .twse.com.tw](http://newmops.twse.com.tw).
- (9) Execution of internal control system:
  - a. Internal control declaration: Please refer to Page 54.
  - b. Entrustment of CPA to audit internal control system: None.

## **Topoint Technology Co., Ltd**

### **Statement of Internal Control**

February 27, 2024

The internal control self-assessment of Topoint Technology Co., Ltd. was conducted for the year ended December 31, 2023 based on the Company's internal control system. The results are described as following:

1. Topoint Technology Co., Ltd. acknowledges that the board of directors and the management are responsible for establishing, executing and maintaining an effective internal control system, which has been already set up. The purposes of the internal control system are to provide a reasonable assurance of achieving the goals of efficiency and effectiveness of the operations, such as profitability, performance and the safeguard of the assets, the reliability of the financial reports and the compliance with the applicable laws and regulations.
2. No matter how perfectly designed, the internal control system has its inherent limitations, and it can only provide reasonable assurance of achieving the three goals mentioned above. The effectiveness of the internal control system may subject to changes of environment and circumstances. Topoint Technology Co., Ltd. has established an internal control system with self-monitoring capabilities, which can undertake corrective actions whenever a deficiency is identified.
3. Topoint Technology Co., Ltd. evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the governing the establishment of internal control system by public companies promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment (3) control activities, (4) information and communication, and (5) monitoring. Each component consists of certain items, which could be referred to the Standards.
4. Topoint Technology Co., Ltd. has evaluated the design and effectiveness of its internal control system according to the aforementioned criteria.
5. Topoint Technology Co., Ltd. believes that the effectiveness of the design and execution of the internal control system (including its subsidiaries) during the above mentioned assessment period provides reasonable assurance of achieving the goals of the efficiency and effectiveness of operations, the reliability of financial reports and the compliance with applicable laws and regulations.
6. The Statement of Internal Control will be an integral part of Topoint Technology Co., Ltd. annual report and prospectus and will be made public. Any false statement, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. The statement has been passed by the Board of Directors in the meeting held on February 27, 2024, with none of the eight attending directors expressing dissenting opinions on the content of the Statement.

Chairman David, Lin  
President Karen, Lin

- (10) The punishments applied to the company and its employees due to law violation, the punishments applied by the company to its internal employee due to violation of internal control system, major drawbacks and improvement in the recent year and the current year as of the annual report publication date:

As regulated by the company, other than including the violation of internal control system in the rating of personnel annual performance evaluation, the company has also given a detailed account of the punishments, major drawbacks and expected improvement deadline in each audit report. At the same time, the audit unit has continued to track the improvement status and make records. The major drawbacks had been corrected in the recent year and the current year as of the annual report publication date.

- (11) Major resolutions made in shareholders' meetings and board meetings in the recent year and the current year as of the annual report publication date:

**A. The company had the 2023 general shareholders meeting held with the following resolution reached (2023/05/31):**

- (a) Acknowledged the proposal for the 2022 Business Report and Financial Statements.  
(b) Acknowledged the 2022 Earnings Distribution.

Implementation status: Resolution passed. The 2022 earnings distribution has been fully allocated. August 4, 2023 is set as the ex-dividend date and August 30 of the same year is set as the cash dividend payment date. The cash dividend is NT\$2.0 per share.

**B. Board meetings**

Date	Content
2023.02.20	<ol style="list-style-type: none"> <li>1. Approved the Financial Statements and Business Report of 2022.</li> <li>2. Approved dividend distribution of 2022. Cash dividends of NT\$284,360,934 (NT\$2.0 per share)</li> <li>3. Approval of cash dividend distribution for 2022.</li> <li>4. Approved 2022 remuneration of employees &amp; directors.</li> <li>5. The company's 2022 "Internal Control System Effectiveness Assessment", "Internal Control System Statement"</li> <li>6. The company plans to apply for an endorsement guarantee case for its subsidiary</li> <li>7. Approved 2023 AGM agenda</li> </ol>
2023.05.05	<ol style="list-style-type: none"> <li>1. Approve the replacement of certified accountants and evaluate the accountant's independence and suitability with reference to audit quality indicators Case of capriciousness.</li> <li>2. Approved the appointment of accountants for the 2023 annual financial report.</li> <li>3. Approved the financial statement for the first quarter of 2023.</li> <li>4. Approval of application for quota from the bank.</li> <li>5. Approved the proposed pre-approval method for the company's certified accountants to provide non-certified services.</li> <li>6. Approved the amendments to some provisions of the "Standard Operating Procedures for Handling Directors' Requests".</li> <li>7. Approved the amendments to some provisions of the "Corporate Governance Code of Practice".</li> <li>8. Approved the proposed renaming of the "Corporate Social Responsibility Code of Practice" to the "Sustainable Development Code of Practice" and the amendments to some provisions.</li> </ol>
2023.07.07	<ol style="list-style-type: none"> <li>1. Approval of the proposed establishment of a Thai subsidiary for the company.</li> <li>2. Approved the proposed profit distribution case of the subsidiary in mainland China.</li> <li>3. Approve the formulation of the company's "Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conduct".</li> </ol>
2023.08.04	<ol style="list-style-type: none"> <li>1. Approved the company's financial statements for the second quarter of 2023.</li> <li>2. Approval of the company's application for a quota from the bank.</li> <li>3. Approved the proposed renaming of the company's "Corporate Sustainability Committee" to the "Corporate Sustainability and Risk Management Committee".</li> <li>4. Approved the company's "Organizational Rules of Corporate Sustainability Committee" to be renamed "Organizational Rules of Corporate Sustainability and Risk Management Committee" and the</li> </ol>

	amendments to some provisions. 5. Approve the formulation of the company's risk management policies and procedures. 6. Approved the formulation of the company's "Remuneration Management Measures for Directors and Managers". 7. Approved the company's 2022 director remuneration distribution plan. 8. Approved the company's 2022 manager employee remuneration distribution plan.
2023.11.03	1. Approved the company's financial statements for the third quarter of 2023. 2. Approved the company's 2024 audit plan.
2023.12.22	1. Approved the company's 2024 operating target plan. 2. Approved the review and finalization of the major themes of the company's 2023 sustainability report. 3. Approved the company's work plan for preparing the 2023 sustainability report. 4. Approved the company's evaluation of the independence and suitability of accountants in 2024 with reference to the Audit Quality Indicators (AQIs). 5. Approved the appointment of accountants for the company's 2024 annual financial report.
2024.01.25	1. Approved the formulation of the 2024 work plan of the Salary and Remuneration Committee. 2. Approved the review of the company's "Remuneration Management Measures for Directors and Managers". 3. Approved the ratification of the company's newly hired deputy general manager Xue Yonglong. 4. Approved the company's 2023 year-end bonus distribution case for managers. 5. Comprehensive reform of the election. 6. The company's candidate list of nominated directors (including independent directors). 7. Lift the non-competition restrictions on the company's new directors and their representatives. 8. Approval of matters concerning the convening of the company's 2024 regular shareholders' meeting.
2024.02.27	1. Approved the company's 2023 final accounts. 2. Approved the company's 2023 earnings distribution plan. 3. Approved the company's cash dividend distribution plan for 2023. 4. Approved the company's 2023 employee remuneration and directors' remuneration distribution plan. 5. Approved the company's 2023 "Effectiveness Assessment of Internal Control System" and "Declaration of Internal Control System". 6. Approval of the proposed pre-approval method for the company's certified accountants to provide non-certified services. 7. Approval of the company's application for a quota from the bank.

(12) The directors or supervisors who have objected to the resolutions reached by the board of directors and the objections are recorded or declared in writing in the most recent years and up to the date of the annual report printed: None.

(13) Resignation and dismissal of managerial officers related to the financial report (including chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, corporate governance supervisor, and R&D supervisor) in the past year and up to the date of report: None.

#### 4. CPAs Fees:

##### (1) Information on fees to CPA

NT\$ (thousand)					
Name of the firm	Names of CPA	During the audit	Audit fee	Non-audit fee	Note
Deloitte & Touche	Chien-Hsin, Hsieh	Jan. 1,2023~ Dec. 31,2023	3,350	220	Non-audit fee: tax expense.
	Bo-Ren, Weng				

- (2) When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: None.
- (3) If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amounts of the audit fees before and after the replacement and the causes shall be disclosed: None.
- (4) If the audit fees were reduced more than 10% from that of the prior year, the reduction amount, percentage and reasons for the reduction of audit fees shall be disclosed: None.
- (5) 2023 CPA Suitability and Independence Evaluation Form

##### (1) Independence evaluation

Evaluation Item	Yes	No
1. Not an employee of the Company or any of its affiliates.	<b>V</b>	
2. Not a director of the Company or any of its affiliates (This does not apply in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting rights.)	<b>V</b>	
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse and minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranks among the top 10 in shareholdings.	<b>V</b>	
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.	<b>V</b>	
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or ranks among the top five in shareholdings.	<b>V</b>	
6. Not a director, supervisor, executive officer, or shareholder with shareholding of five percent or more of a specific company or institution that has a financial or business relationship with the Company.	<b>V</b>	
7. Not a spouse or a relative within the second degree of kinship to any other director of the Company.	<b>V</b>	
8. Not being a person of any conditions set out in Article 30 of the Company Act.	<b>V</b>	

9. Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	<b>V</b>	
10. Not a director, executive officer or employee with significant influence on audit engagement of the Company in recent two years.	<b>V</b>	
11. Not in a position with management functions that involve decision-making of the Company.	<b>V</b>	

(2) Suitability evaluation

Evaluation Item	Yes	No
1. Whether the person possesses a CPA license to perform CPA works.	<b>V</b>	
2. Whether the CPA is subject to disciplinary actions imposed by the competent authorities or the CPA Association, or pursuant to Paragraph 3, Article 37 of the Securities and Exchange Act.	<b>V</b>	
3. Whether the financial reports issued are prepared in accordance with the accounting principles prescribed by the competent authorities.	<b>V</b>	
4. Whether the CPA and audit personnel of the CPA firm have exercised due professional care in performing the audit and preparing the reports.	<b>V</b>	
5. Whether quarterly and annual financial reports are issued by deadlines set forth in regulations promulgated by the competent authorities.	<b>V</b>	
6. Whether the CPA understands regulatory changes, and is capable of clarifying and giving advices on issues of the Company in a timely manner.	<b>V</b>	
7. Whether the CPA maintains a good communication channel with the corporate governance unit.	<b>V</b>	
8. Whether the CPA assists with communication and coordination with the competent authorities.	<b>V</b>	

(3) Evaluation results

Upon evaluation, the CPAs engaged were not under any of the circumstances described in the independence evaluation items above and had met the suitability criteria for the suitability evaluation, which assured the reliability of financial reports issued by the CPAs.

## 5. CPA's Information:

### (1) Regarding former CPA:

Replacement date	Approved by the board of directors on May 5, 2023.		
Replacement reasons	The CPA certifying the company's 2022 Q1 financial statements were CPA Chien-Shin, Shieh and Zhao-Mei, Chen at Deloittee & Touche – Taiwan. However, due to the firm's internal task transfer and arrangement, the company's 2023 Q1 financial statements were certified by CPA Chien-Shin, Shieh and Bo-Ren, Weng		
Please explain whether the termination or refusal of the commission is initiated by the entrusted or CPA.	The party		CPA
	Status	Entrustor	
	Not applicable		Not applicable
The opinions on the auditing reports in the recent two years and reasons, except the issue of unqualified opinions.	Not applicable		
	Different opinions with the issuer:	Yes	
			Disclosure of financial reports
			Auditing range and steps
			Others
The opinions on the auditing reports in the recent two years and reasons, except the issue of unqualified opinions.	No	√	
	Why	Not applicable.	
Other disclosure items: ( The items required to be disclosed as per item 4, subparagraph 1 of article 11 in regulations governing the preparation of financial reports by securities issuers. )	None		

### (2) Regarding successor CPA:

Name of the firm	Deloitte & Touche – Taiwan
Names of CPA	Chien-Shin, Shieh and Bo-Ren, Weng
Date of commission	As passed by the board of directors on May 5, 2023.
Items and results of the consultation made before the commission for the possible opinions on the accounting process method or accounting principle and the financial reports of specific transactions	None
The written opinions from the successor CPA against the ones from the former CPA.	None

### (3) The response made by former CPA for the issues listed in item 3 of subparagraph 1 of article 22 of "regulations governing the preparation of financial reports by securities issuers": None.

6. If the Chairman, General Manager, and financial or accounting manager of the company who had worked for the independent auditor or the related party in the most recent year, the name, title, and the term with the independent auditor or the related party must be disclosed: None.

7. Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Department Heads, and Shareholders 10% shareholding or more:

(1) Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Department Heads and Shareholders

Unit: share

Title	Name	2023		As of Feb 29, 2024	
		Net change in Shareholding	Net change in Share Pledged	Net change in Shareholding	Net change in Share Pledged
Chairman	David Lin	11,918	-	-	-
Director and President	Karen Lin	11,391	-	-	-
Director	Fortune Venture Capital Corporation	-	-	-	-
	Kris Peng	-	-	-	-
Director	Macking International Investment Corporation	-	-	-	-
	Wen-Jin, Li	-	-	-	-
Independent director	Amy Chen	-	-	-	-
Independent director	Jeff Chen	-	-	-	-
Independent director	Eric Hsu	-	-	-	-
Executive Vice President	Stanley Weng	10,729	-	-	-
Vice President	Jacky Huang	10,729	-	-	-
Chairman's Special Assistant	Slash Chen	10,736	-	-	-
Senior Director	Charles Yen	9,536	-	-	-
Corporate Governance Officer	Charles Chang	(20,000)	-	-	-
Financial Manager	Julianna Ko	6,555	-	-	-

(2) The information of the related party who was the corresponding party of the equity transfer: None.

(3) The information of the related party who was the corresponding party of the equity pledge: None.

8. The relation of the top ten shareholders as defined by Finance Standard Article 6:

March 29, 2024

Name	Current shareholding		Shareholding of spouse and minors		Shares held in the names of others		The relation of the top ten shareholders as defined by Finance Standard Article 6	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	relationship
TING, LING-CHUAN	7,108,000	4.99%	-	N/A	-	N/A	-	N/A
LIN, HSU-TING	5,519,260	3.88%	310,000	0.22%	-	N/A	Liu-Ze, Lin	Brothers



Macking International Investment	4,416,152	3.11%	-	N/A	-	N/A	-	N/A
Fortune Venture Capital Corporation	3,000,600	2.11%	-	N/A	-	N/A	-	N/A
Liu-Ze, Lin	2,237,268	1.57%	-	N/A	-	N/A	David Lin Yan-Hong, Lin	Brothers Son
Gen-Qing, Chen	2,035,211	1.43%	-	N/A	-	N/A	-	N/A
Yuetai Investment Co., Ltd.	2,000,000	1.41%	-	N/A	-	N/A	-	N/A
Ji-Xing, Huang	1,585,132	1.11%	-	N/A	-	N/A	-	N/A
Yan-Hong, Lin	1,525,422	1.21%	-	N/A	-	N/A	Liu-Ze, Lin	Father
Acadian Emerging Markets Small Cap Equity Fund LLC	1,440,600	1.01%	-	N/A	-	N/A	-	N/A

9. Investment form Directors, Supervisors, Managers and directly or indirectly controlled businesses:

Unit: Share

Trans-investment business	The company's investment		Investment made by directors, supervisors, managers and the businesses directly or indirectly controlled by the company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Total shareholding ratio
Topoint Technology Co.,Ltd.(B.V.I)	7,194	100%	-	-	7,194	100%
Unipoint Technology Co., Ltd.	30,696,297	61.76%	-	-	30,696,297	61.76%
Warspeed Corporation(B.V.I)	50,000	100%	-	-	50,000	100%
Topoint Japan Co., Ltd.	600	100%	-	-	600	100%
Unipoint Technology Holdings Co., Ltd.(B.V.I.)	11,200	100%	-	-	11,200	100%
Raypoint Precision Tools Co.,Ltd.	50,000	100%	-	-	50,000	100%
Topmicron Investment Ltd.	-	-	-	61.76%	-	61.76%
Topoint Technology (Thailand) Co., Ltd.	21,776,000	99.8%	43,600	0.2%	21,819,600	100%
Drilltek Corporation	7,692,816	58.72%	-	-	7,692,816	58.72%
Cosmos Vacuum Technology Corporation	21,909,063	57.14%	-	-	21,909,063	57.14%
H&N Technology Co., Ltd.	-	-	-	57.14%	-	57.14%

Cosmos Integration Corporation	-	-	-	57.14%	-	57.14%
Universal Technology Corp.	-	-	-	57.14%	-	57.14%
Shanghai Topoint Precision Technology Co., Ltd.	-	-	-	100%	-	100%
Sharp Technology (Qinhuangdao) Co., Ltd.	-	-	-	100%	-	100%
Yellowstone Technology Co., Ltd.	-	-	-	100%	-	100%
Sharp Technology (Shenzhen) Co., Ltd.	-	-	-	100%	-	100%
Sharp Technology (Suzhou) Co., Ltd.	-	-	-	100%	-	100%
Kunshan Restek Technology Co., Ltd.	-	-	-	75%	-	75%
Kunshan Topoint Electronics Co. Ltd.	-	-	-	100%	-	100%
Sharp Electronics (Huaian) Co., Ltd.	-	-	-	100%	-	100%
Chengdu Raypoint Precision Tools Co., Ltd.	-	-	-	100%	-	100%
Winpoint Electronics (Huaian) Co., Ltd.	-	-	-	100%	-	100%
Shanghai Ringpoint Nano Material Co., Ltd.	-	-	-	75%	-	75%
Cosmos Technology Corporation	-	-	-	57.14%	-	57.14%

## IV. Stock subscription

### 1. Capital and shares:

#### (1) Stock capital

Unit: NT\$ thousand/1,000 shares

Month / year	Issued price (\$)	Approved capitalization		Paid-in capitalization		Remarks			
		Shares	Amount	Shares	Amount	Capital sources		Use of non-cash property to pay for the shares	Others
						Amount	Source		
04/1996	10	1,500	15,000	1,500	15,000	15,000	Cash capital increase	-	04/12/1996 1996 Jien (3) Geng Zi No. 48510
05/1997	10	6,000	60,000	3,250	32,500	17,500	Cash capital increase	-	02/23/1998 1998 Jien (3) Jia Zi No. 124692
06/1998	10	20,000	200,000	9,920	99,200	49,200 17,500	Cash capital increase Capital surplus transfer	-	11/18/1998 1998 Jien (3) Jia Zi No. 259480
09/1999	10	20,000	200,000	13,852	138,253	20,800 18,253	Cash capital increase Earnings	-	10/21/1999 Jing (1999) Shang Zi No. 08813853

Month / year	Issued price (\$)	Approved capitalization		Paid-in capitalization		Remarks			
		Shares	Amount	Shares	Amount	Capital sources		Use of non- cash property to pay for the shares	Others
							transfer		
05/2000	23	49,000	490,000	27,300	273,000	120,000 14,747	Cash capital increase, earnings and capital surplus transfer	-	2000/06/28 Jing (2000) Shang Zi No. 089121529
05/2002	10	49,000	490,000	34,000	340,000	67,000	Earnings and capital surplus transfer	-	2001/09/19 Jing (2001) Shang Zi No. 0901372890
11/2002	20	49,000	490,000	39,000	390,000	50,000	Cash capital increase	-	2002/01/03 Jing (2001) Shang Zi No. 09001523010
12/2003	10	49,000	490,000	41,000	410,000	20,000	Cash capital increase	-	2003/12/29 Jing-Shou-Zhong Zi No. 09233192270
08/2004	10	42,693	426,930	42,693	426,930	16,930	Earnings transfer	-	2004/10/05 Jing-Shou-Zhong Zi No. 09332806590
10/2004	16.8	70,000	700,000	48,393	483,930	57,000	Cash capital increase	-	2004/12/29 Jing-Shou-Zhong Zi No. 09333262600
09/2005	10	70,000	700,000	55,258	552,581	68,651	Earnings and capital surplus transfer	-	2005/09/16 Jing-Shou-Shang Zi No. 09401183300
06/2006	10	140,000	1,400,000	65,258	652,581	100,000	Cash capital increase	-	2006/06/20 Jing-Shou-Shang Zi No 09501118760
09/2006	10	140,000	1,400,000	75,428	754,288	101,707	Earnings transfer	-	2006/09/07 Jing-Shou-Shang Zi No. 09501202460
10/2006	10	140,000	1,400,000	76,116	761,161	6,873	Shares transferred from corporate bonds	-	2006/10/07 Jing-Shou-Shang Zi No. 09501232720
01/2007	10	140,000	1,400,000	77,388	773,882	12,721	Shares transferred from corporate bonds	-	2007/10/23 Jing-Shou-Shang Zi No. 09601018460
04/2007	10	140,000	1,400,000	78,605	786,050	12,168	Shares transferred from corporate bonds	-	2007/04/17 Jing-Shou-Shang Zi No. 09601080210
07/2007	10	140,000	1,400,000	84,242	842,421	56,371	Shares transferred from	-	2007/07/23 Jing-Shou-Shang Zi No. 09601175210

Month / year	Issued price (\$)	Approved capitalization		Paid-in capitalization		Remarks			
		Shares	Amount	Shares	Amount	Amount	Source	Use of non- cash property to pay for the shares	Others
							corporate bonds		
08/2007	10	140,000	1,400,000	95,469	954,691	112,270	Earnings transfer	-	2007/08/24 Jing-Shou-Shang Zi No. 09601206420
08/2008	10	140,000	1,400,000	106,868	1,068,680	113,988	Earnings transfer	-	2008/08/28 Jing-Shou-Shang Zi No. 09701219390
10/2008	10	140,000	1,400,000	107,056	1,070,565	1,885	Stock Option transfer	-	2008/10/21 Jing-Shou-Shang Zi No. 09701266600
08/2009	21	200,000	2,000,000	117,056	1,170,564	100,000	Cash capital increase	-	2009/08/26 Jing-Shou-Shang Zi No. 09801191340
09/2009	10	200,000	2,000,000	126,584	1,265,840	95,275	Earnings transfer	-	2009/09/11 Jing-Shou-Shang Zi No. 09801205940
10/2009	10	200,000	2,000,000	126,671	1,266,717	877	Stock Option transfer	-	2009/10/30 Jing-Shou-Shang Zi No. 09801249110
01/2010	10	200,000	2,000,000	127,577	1,275,577	8,860	Stock Option transfer	-	2010/01/19 Jing-Shou-Shang Zi No. 09901011840
04/2010	10	200,000	2,000,000	127,694	1,276,947	1,370	Stock Option transfer	-	2010/04/16 Jing-Shou-Shang Zi No. 09901076220
09/2010	10	300,000	3,000,000	131,551	1,315,519	38,571	Earnings transfer	-	2010/09/03 Jing-Shou-Shang Zi No. 09901203020
11/2010	21.1	300,000	3,000,000	133,921	1,339,216	23,696	CB transfer	-	2010/11/01 Jing-Shou-Shang Zi No. 09901244520
01/2011	10	300,000	3,000,000	134,060	1,340,604	1,388	Stock Option transfer	-	2011/01/25 Jing-Shou-Shang Zi No. 10001017040
04/2011	21.1 10	300,000	3,000,000	139,370	1,393,699	53,096	CB transfer and Stock Option transfer	-	2011/04/21 Jing-Shou-Shang Zi No. 10001080020
07/2011	21.1	300,000	3,000,000	144,109	1,441,093	47,393	CB transfer	-	2011/07/28 Jing-Shou-Shang Zi No. 10001173710
08/2011	21.1 10	300,000	3,000,000	152,569	1,525,685	84,592	CB transfer and Earnings transfer	-	2011/08/26 Jing-Shou-Shang Zi No. 10001199400
08/2012	10	300,000	3,000,000	156,658	1,566,578	40,893	Earnings transfer	-	2012/08/24 Jing-Shou-Shang Zi No. 10101176420
09/2013	10	300,000	3,000,000	157,890	1,578,905	12,327	Earnings	-	2013/09/03

Month / year	Issued price (\$)	Approved capitalization		Paid-in capitalization		Remarks			
		Shares	Amount	Shares	Amount	Amount	Source	Use of non-cash property to pay for the shares	Others
							transfer		Jing-Shou-Shang Zi No. 10201180390
04/2014	20.7	300,000	3,000,000	157,938	1,579,380	475	Stock Option transfe	-	2014/04/15 Jing-Shou-Shang Zi No. 10301065310
07/2014	20.7	300,000	3,000,000	158,166	1,581,665	2,285	Stock Option transfe	-	2014/07/18 Jing-Shou-Shang Zi No. 10301141790
10/2014	20.7	300,000	3,000,000	158,800	1,588,005	6,340	Stock Option transfe	-	2014/10/16 Jing-Shou-Shang Zi No. 10301216480
01/2015	20.7	300,000	3,000,000	159,046	1,590,465	2,460	Stock Option transfe	-	2015/01/23 Jing-Shou-Shang Zi No. 10401007350
04/2015	20.7	300,000	3,000,000	159,155	1,591,557	1,092	Stock Option transfe	-	2015/04/16 Jing-Shou-Shang Zi No. 10401070200
07/2015	20.7	300,000	3,000,000	159,204	1,592,040	483	Stock Option transfe	-	2015/07/21 Jing-Shou-Shang Zi No. 10401147210
01/2016	20.7	300,000	3,000,000	159,478	1,594,782	2,742	Stock Option transfe	-	2016/01/19 Jing-Shou-Shang Zi No. 10501010900
09/2018	10	300,000	3,000,000	143,530	1,435,304	159,478	capital reduction	-	2018/09/03 Jing-Shou-Shang Zi No. 10701109470
06/2019	10	300,000	3,000,000	142,180	1,421,804	13,500	Cancellation of treasury shares	-	2019/06/06 Jing-Shou-Shang Zi No. 10801065750

March 29, 2024 / Unit: share

Type of Shares	Authorized Shares			Remarks
	Outstanding shares	Un-issued shares	Total	
Common stock	142,180,467	157,819,533	300,000,000	-

(2) Status of shareholders

March 29, 2024

Status of shareholders Q'ty	Government agencies	Financial institutions	Other institutional investors	Foreign institutional & Natural Persons	Domestic Natural Persons	Total
Number of shareholders	1	4	173	90	40,033	40,301
Shareholding	78	678,643	13,123,540	9,174,670	119,203,536	142,180,467
Shareholding ratio	0.00%	0.48%	9.23%	6.45%	83.84%	100.00%

## (3) Status of Shareholding Distributed

Face value per share: \$10      March 29, 2024

Classification	Number of shareholder	Shareholding	Shareholding Ratio (%)
1-999	23,241	1,104,321	0.78%
1000-5,000	13,521	28,109,004	19.77%
5,001-10,000	1,967	15,760,106	11.09%
10,001-15,000	505	6,571,184	4.62%
15,001-20,000	330	6,090,625	4.28%
20,001-30,000	276	7,143,894	5.03%
30,001-40,000	139	4,952,825	3.48%
40,001-50,000	81	3,741,026	2.63%
50,001-100,000	142	10,017,605	7.05%
100,001-200,000	50	7,474,365	5.26%
200,001-400,000	16	4,759,569	3.35%
400,001-600,000	11	5,316,836	3.73%
600,001-800,000	8	5,630,304	3.96%
800,001-1000,000	1	958,501	0.67%
1000,001-	13	34,550,302	24.30%
Total	40,301	142,180,467	100.00%

## (4) Roster of Major shareholders:

March 29, 2024

Shareholding Shareholder's Name	Shareholding	Shareholding ratio
Ling-Quan Ding	7,108,000	4.99%
David Lin	5,519,260	3.88%
Macking International Investment	4,416,152	3.11%
Fortune Venture Capital Corporation	3,000,600	2.11%
Liu-Ze, Lin	2,237,268	1.57%
Gen-Qing, Chen	2,035,211	1.43%
Yuetai Investment Co., Ltd.	2,000,000	1.41%
Ji-Xing, Huang	1,585,132	1.12%
Yan-Hong, Lin	1,525,422	1.07%
Acadian Emerging Markets Small Cap Equity Fund LLC	1,440,600	1.01%

(5) Market price, net value, earnings, dividend per share and related information in the recent two years. .

Unit: NT\$/share

Item \ Year		2022	2023	As of Feb. 29,2024
Market price per share	Highest	43.00	35.95	31.10
	Lowest	23.50	26.1	26.65
	Average	32.03	29.1	29.06
NAV	Pre-distribution	33.15	30.46	As of the publication date of this annual report, we have not obtained the audited financial statement information for the first quarter of 2024.
	Post-distribution	31.15	29.66	
EPS	Weighted average shares	142,180,467	142,180,467	
	EPS (pre-adjustment) (post-adjustment)	2.34	-0.25	
DPS	Cash dividend	2.0	0.8	
	Stock Dividends	-	-	
		-	-	
	Accumulated dividends having yet to be paid	-	-	
Analysis of ROI	P/E	13.69	-116.4	
	Dividend ratio	16.02	36.38	
	Cash dividend yield	6.24%	2.75%	

(6) Execution of Dividend Policy

- a. In accordance with Article 18-1 of the Article of Incorporation, If there is any net profit after closing of a fiscal year, When allocating the net profits for each fiscal year, according to the following sequence:(i) offset its losses in previous years. (ii) set aside a legal reserve at 10%of the profit left over. (iii) set aside or return the special reserve which could be appropriated according. (iv) after deducting the above, and with opening accumulation of undistributed earnings by the Board of Directors, will be reported to shareholders. It is authorized the distributable dividends and bonuses or legal capital reserve and capital reserve in whole or in part may be paid in cash after a resolution has been. Adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition, there to a report of such Distribution shall be submitted to the shareholders' meeting. In view of the Company's current business growth, and in consideration of its future business development plans, financial structure and shareholders' equity. Shareholders of the company dividend distribution shall not be lower than 20% of the Distributable Earnings for the same year. Cash dividends shall not be lower than 10% of the total shareholders' dividends distributed for the same year. Considering the company's future business development plan, financial structure and shareholders' equity, the company's shareholder dividends shall not be lower than 20% of the distributable surplus for the year, of which cash dividends shall not be lower than 1% of the total shareholder dividend distribution for the year ten.
- b. Proposed Distribution of Dividend : Not Applicable.

(7) Impact of the proposed stock dividend in shareholders meeting on business performances and EPS:

There was no stock dividend distribution proposed or adopted at the most recent shareholders'

meeting.

(8) Employee bonuses and remuneration of directors and supervisors

- a. The ratio or range of employee bonuses and remuneration of directors and supervisors stated in the corporate constitution:  
Article 18 Profit before income tax set aside Employees' bonus to employees in the range of 1% to 25%. Remuneration of directors shall be no more than 3%.  
Employees' dividend of distribution shall be stock or cash. Remuneration of director's shall be cash. The new stock provides by the Board of Directors meeting preceding on the Last Trade price and above mentioned to count the shares. Then by the Board of Directors, will be reported to shareholders.
- b. Basis for estimating the amount of compensation for employees, directors and supervisors, basis for calculating the number of shares to be distributed as stock compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:  
The distribution of remuneration to directors and supervisors is subject to the requirements of the law and the Company's dividend policy. The appropriated amount is recognized as operating expenses for the current year. However, if the actual distribution amount resolved by the Board of Directors is different from the estimated amount, it is recognized as profit or loss in the following year.
- c. Distribution of compensation passed by the Board of Directors:
  - (i) Employee and directors' remuneration will be distributed in cash or stocks. As passed in the board meeting on February 27, 2024 for 2023 annual earnings distribution, NT\$5,557,839 is for remuneration of directors and supervisors and NT\$33,347,034 for employee bonus.
  - (ii) Amount of employee compensation distributed in the form of stock and as a percentage of the after-tax profit provided in this year's standalone financial statements and total employee compensation combined: None.
- d. Actual distribution of employee bonus and remuneration of board directors and supervisors in the previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of employees' bonus and directors and supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies: There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

(9) Treasury stock:

Frequency of shares repurchased	1st
Purpose of the share repurchase	transferring to employees
Original scheduled period for the repurchase	2016/03/15~2016/05/14
Originally determined repurchase price range	NTD \$18~30 per share
Number of shares repurchased	1,500,000 Shares
Total monetary amount of shares repurchased	\$ 31,725,673
The cumulative number of shares held during the repurchase period as a percentage of the total planned repurchase	50%
Cancellation and transfer	1,500,000 Shares
Cumulative number of own shares held	0 Shares
Ratio of cumulative number of own shares held during the repurchase period to the total number of the Company's issued shares	0%



2. Corporate bonds: None.
3. Preferred stock: None.
4. ADR/GDR: None.
5. Employee stock option certificates: None.
6. New restricted employee shares: None.
7. Merger and acquisition (including merger, acquisition, and split): None.
8. Fund implementation plan: None.

## V. Overview of business operation

### 1. Principal activities

#### (1) Scope of Business

##### ①. Major Business the Company has Engaged

- i. Manufacture and sales of micro-drills exclusively for printed circuit boards.
- ii. Manufacture and sales of digital drilling machines exclusively for printed circuit boards.
- iii. Manufacture and sales of the peripheral facilities for the process of printed circuit boards.
- iv. General export/import trading and agency businesses.

##### ②. Major products and their ratios in the company's total businesses

Unit: NT\$ Thousand; %

Business items	2022		2023	
	Amount of sales	% in revenue	Amount of sales	% in revenue
Precision metal products and Processing services	3,411,719	97.19	2,694,367	98.03
Others	98,681	2.81	54,119	1.97
Total	3,510,400	100.00	2,748,486	100.00

##### ③. Major Products of the Company

Product		Specification (Diameter)
Drill bit	Micro size	Below 0.25mm
	Mini size	0.30mm~0.45mm
Router bit	Micro size	0.50mm~0.75mm
	Mini size	0.80mm~3.175mm
	Large size	Above 3.175mm

##### ④. New Products under Development

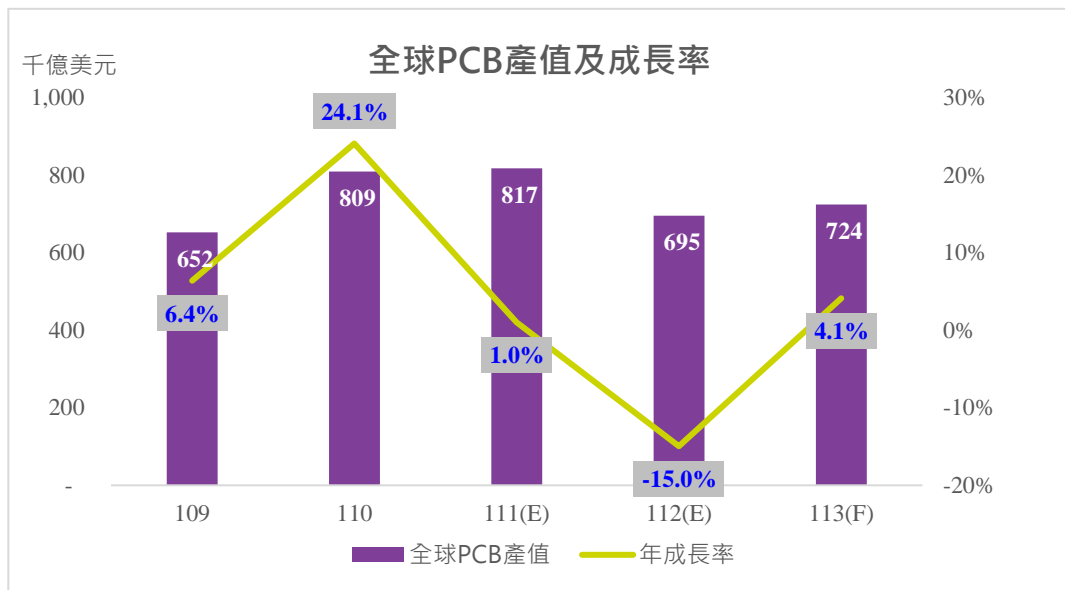
- i. Sustainable development of performance enhancing micro drills.
- ii. Sustainable development of performance enhancing micro routers.
- iii. Development of prolonged tool life product and high aspect ratio drills.
- iv. Development and mass production of drills specially designed for ABF substrate.

#### (2) Industry Overview

##### ①. Industry Status and Development

Our drill bits are mainly used in the mechanical drilling process of printed circuit board (PCB) processing. By penetrating through layers of PCBs to create inter-layer connections, drilling allows electronic components to be connected to PCB circuits, making drill bits indispensable to the entire electronics supply chain. Consequently, the supply and demand of our drill bits are closely related to the PCB industry development.

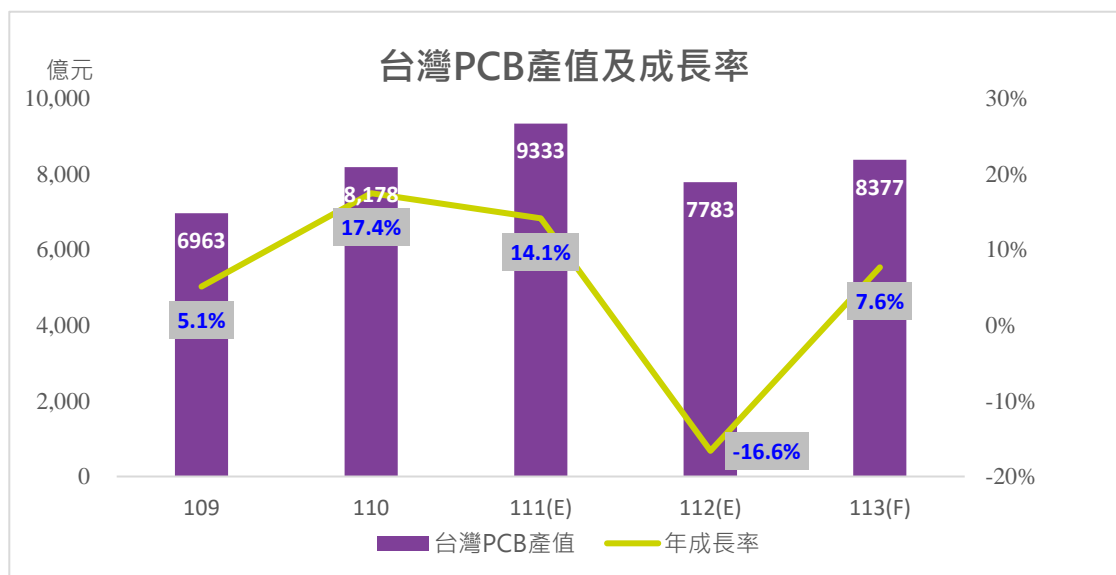
After two consecutive years of rapid growth driven by demand emerged from work-from-home arrangements and the boom in online shopping during the pandemic, the global PCB industry faced a slowdown in demand growth and inventory adjustment in 2023, resulting in a decline in output. According to statistics released by the market research firm Prismark in January 2024, the global PCB output value totaled US\$69.5 billion in 2023, down 15.0 percent from the previous year. Looking ahead to 2024, as market correction and inventory adjustment come to an end plus the rise of AI industry which prompts further demand to upgrade servers and network communication devices, Prismark predicts an annual output growth rate of 4.1 percent in 2024, reaching US\$72.4 billion.



Source : Prismark (2024/01), compiled by the Company

According to the Taiwan Printed Circuit Association (TPCA), the annual output value of Taiwan's PCB industry was NT\$778.3 billion in 2023, exhibiting trends similar to the global PCB industry. After two consecutive years of rapid growth, the market dropped 16.6 percent compared to 2022 due to a deceleration in demand growth and inventory adjustment.

Following inventory adjustment and correction in 2023, market research firm expects to see semiconductors and products of the electronics industry return to growth in 2024. Electronics products with demands driven by the AI industry in particular will experience significant growth compared to prior years, with semiconductors, servers and network communication devices stand to benefit the most. 2023 can be seen as the first year of AI industry. Since OPENAI introduced the Chat GPT, the world's leading tech companies have announced plans to launch their own AI products and services. The trend of AI development will be a source of growth momentum to the electronics industry. TPCA estimates that Taiwan's PCB output will reach NT\$873.3 billion in 2024, i.e., a year-over-year growth rate of 7.6 percent which outperforms the global PCB market. The projection indicates that Taiwan's PCB industry has retained its competitive advantage and has the opportunity to increase its share in the global market.



Source : TPCA (2023/11), compiled by the Company

②. Correlations among Upstream, Midstream and Downstream Industries

Upstream                      Midstream                      Downstream



③. Product Development

- (1) The high-speed transmission and miniaturization trend of terminal electronics shall drive PCB businesses in developing new material and production technology. Wearable device will shrink the surface area of motherboard, and therefore the line-up of electronic components has to be more compact. Therefore, PCB with higher unit density shall be adopted, e.g. the adoption of any-layer high-density interconnect (HDI) and modified semi-additive process (mSAP) technologies. To cater to the demand, drills shall also embark on a trend in enhancing high precision and efficiency. This, in turn, shall translate into requirements for higher drill bit quality.
- (2) Embedded passive component technology refers to embedding IC in substrates, or embedding capacitance, resistance and inductance components in PCBs. This is beneficial in enhancing the quality of line signal, reducing surface area and lowering power consumption. With the increase of penetration rate of mobile devices, the increase in demand for embedded passive component technology will grow more evidently. It is expected that embedded passive component technology shall become one of the key technologies of PCB manufacturers. The use of drills, in turn, shall also be driven up.
- (3) With growing awareness in environmental protection globally, copper clad laminate (CCL) is heading toward non-halogen and non-phosphorous, and heat resistant. As such, the market share of eco-friendly laminates shall increase. Countermeasures to cope with material change must be considered for drill bit production so as to ensure the quality of drills is able to cater to future market demand.
- (4) In the future, with growing market demand for 5G and vehicle substrates, PCBs shall utilize thick copper high frequency material, rigid-flex board and HDI in large volume. The material selection and shape design of drills must be adjusted to cater to the properties of material subjecting to the fabrication process.

④. Competition Status

Due to demand change in the global consumer market, the PCB industry is facing a change from mass production of standard specification products to featured small-volume-large-variety and large-volume-large-variety production models. Especially with competition posed by PCB manufacturers from Mainland China, intellectualized upgrading of industrial chain, and efficiency and flexibility of overall technologically improved production process that integrate information and communication with smart equipment, many drill bit manufacturers have to make plans regarding their own production capacity and technology in a more flexible manner in terms the product design and application so as to cater to changes in the PCB industry.

Different PCB material requires drills of different diameter and technology. Currently, the major suppliers of drills are manufacturers from Japan, Taiwan and Mainland China. For manufacturers from Japan, apart from one manufacturer who has the number one market share globally, other Japanese manufacturers have shrunk in scale over the past few years. In Taiwan, the main competitors of the Company are Keyware and Tera Auto Tech Corporation. Different manufacturers focus on different products and have their own niche. For domestic manufacturers, the Company has the highest market share, and has the capability matching the Japanese counterpart in providing drills of micro sizes (below 0.25 mm) for HDI and IC substrate fabrication. In recent years, manufacturers from Mainland China actively enter the market. They mainly produce traditional PCB drills of small sizes (above 0.30 mm). As market players are abundant, the price competition in low end mature market is relatively intense. The Company continues to focus on the development of micro-sized and high-performance drills so that it has more competitive advantage in the medium and high end market.

### (3) Technology and R&D Overview

#### ①. R&D personnel and their education as well as work experience

February 29, 2024

Item / Education	PhD / Masters	University graduates	Senior high school	Total	Service seniority
No. of personnel	10	28	4	42	8.33
Ratio	23.8%	66.7%	9.5%	100%	

#### ②. Amounts invested in annual R&D in the recent five years

Unit: NT\$ thousand

Item / year	2022	2023
R&D expense	125,473	126,484
Sales revenue	3,510,400	2,748,486
Ratio	3.6%	4.6%

#### ③. The products and technology successfully developed

2017	Mass production of high life expectancy and unique performance of coating drill. Mass production of ultra-high aspect ratio coating drill series.
2018	Mass production of new metal coating products series. Mass production of high precision slot and router series.
2019	Mass production of super wear resistant products. Mass production of burrs for thick plates.
2020	Development and mass production of drills specially designed for ABF substrate. Mass production capacity of drills reached 23 million units.
2021	Mass production of drills which are especial for ABF substrate and electric vehicle. Mass production capacity of drills reached 25 million units.
2022	Mass production of drills which are especial for ABF substrate and electric vehicle. Mass production capacity of drills reached 28 million units.
2023	Develop and mass-produce new film series products Established Thailand Point and established production base in Southeast Asia

#### ④. Long and Short-term Business Development Plans

##### i. Short-term Plan

- Continue to introduce innovative value-added products.
- Develop new markets and strengthen partnerships with customers.
- Increase production capacity to increase global market share.
- Cost control and maximization of production efficiency.
- Integrated resource and strengthen system processes.

##### ii. Long-term Plan

- Continue to develop core technology related new business to build up driving momentum for future business growth.
- Continue to seek any opportunity of strategic alliances to strengthen the company's competitive advantage.

## 2. Market analysis and the condition of sale and production

### (1) Market Analysis

#### ①. Sales Breakdown by Region

Unit: NT\$ thousand; %

Region / Year	2022		2023	
	Amount of sales	% in revenue	Amount of sales	% in revenue
Domestic sales	1,295,998	36.92	1,009,952	36.75
China	2,004,983	57.12	1,603,828	58.35
Others	209,419	5.96	134,706	4.90
Total	3,510,400	100.00	2,748,486	100.00

- ②. Market Share  
The company's monthly shipment volume in 2023 will be approximately 15-20 million pieces, accounting for approximately 8-12% of the global market, making it the world's top drill needle supplier.
- ③. The Status of Future Market Demand and Supply and Prospect
  - i. Demand Side. The growth demand of high frequency and high speed, HDI and carrier boards and flexible boards. From 5G related products. Annual global production value is estimated at US\$ 837.7 billion and growth rate for 2024 is estimated at 7.6%.
  - ii. Supply Side: The Capacity of top three drill suppliers was took up 70% of global shares at the end of 2023. It should help balance the demand and supply status as the market demand recover.
- ④. Competition Niche
  - i. Advanced Core Technology: with high-precision grinding technology, high process yield and consistent mass production quality, these core technologies shall facilitate the company to maintain leading position in the PCB drill supply industry; furthermore, these are stepping stones for the company to cross into drilling services and metal cutting tool business.
  - ii. Flexible capacity allocation capabilities on 30 million pcs production base.
  - iii. Cost control effectiveness: highly automated production lines, continuous production improvement, advantage in material cost, maintained our cost competitiveness.
  - iv. Comprehensive customer base of worldwide well-known manufacturers.
- ⑤. Advantages/Disadvantages for the Future Development and Solutions
  - i. Advantages
    - ① 、 China PCB market grows fast and technology ability is upgraded. It will drive the demands of high-end products.
    - ② 、 Positive prospects of cloud computing servers and base stations will increase demand for PCB drills and drilling service.
    - ③ 、 Continue to hold the leading position in advanced technology along with high-yield and stable production, enabling steady orders and new business.
  - ii. Disadvantages
    - ① 、 China's red supply chain rises, low-end mature products face price pressure
    - ② 、 The conflict between the world's two largest economies has led to the need for the supply chain to adjust production bases in line with the needs of end customers, and the adjustment of the supply chain has put pressure on the cost structure.
    - ③ 、 The supply of main raw material sources is limited, the dominance of purchasing bargaining is low, and there is a risk of rising raw materials.
  - iii. Policy of Response
    - ① 、 Strengthen sales marketing activities.
    - ② 、 To expedite R&D development and put high value-added products to mass production.
    - ③ 、 To strengthen process management and effectively reduce production costs.
    - ④ 、 Develop new supply of raw material, to further enhance material cost management.

## (2) Major Applications and Production Process of the Main Products

①. Major Applications of the Main Products

Item	Major Functions	Major Applications
Drills	To form through-holes for interlayer of IC substrate, HDI, traditional PCB and FPC	Computer : Desktops, Laptops, servers and etc. Communication: cell phones, networking products and etc.
Routers	To cut out profiles of printed circuit board	Consumer: tablet PCs, game console, TV, wearable devices, automobile and etc.

②. Production process



③. Supply Status of Major Materials

The major material of the company's products is tungsten carbide. Its material features and quality stability are the prime concerns in procurement. The company has established good relationship with its suppliers; hence the supply status is properly and stably sustained.

Major material	Suppliers	Supply status
Tungsten carbide	Mitsubishi Sumitomo Kyocera	Good

- ④. Major Customers with over 10% net sales and Suppliers with over 10% total purchases of the last two fiscal years:

a. Material supplier list

Unit: NT\$ thousand; %

2022				2023			
Name	Amount	Ratio to annual net purchase amount (%)	Relationship with the issuer	Name	Amount	Ratio to annual net purchase amount (%)	Relationship with the issuer
A	78,484	11.18	None	A	57,271	11.39	None
Other	623,705	88.82	-	Other	445,680	88.61	-
Purchase Amount-Net	702,189	100.00	-	Purchase Amount-Net	502,951	100.00	-

Reasons for changes: The purchase amount and proportion changes are adjusted according to the customer's product demand and raw material inventory status..

b. List of major clients

Unit: NT\$ thousand; %

2022				2023			
Name	Amount	Ratio to annual net purchase amount (%)	Relationship with the issuer	Name	Amount	Ratio to annual net purchase amount (%)	Relationship with the issuer
A	441,530	12.58	-	A	359,757	13.09	-
B	400,675	11.41	Note	B	313,595	11.41	Note
C	316,648	9.02		C	275,549	10.03	
Other	2,351,547	66.99	-	Other	1,799,585	65.47	-
Sales Amount-Net	3,510,400	100.00	-	Sales Amount-Net	2,748,486	100.00	-

Reasons for changes: No difference.

Note: The company and the company have joint investment to establish a company.

- ⑤. Output values in the recent two years

Unit: NT\$ thousand/1,000pcs

Year/output value	2022			2023		
	Production capacity	Output	Output value	Production capacity	Output	Output value
Major products						
PCB Tool	334,754	247,964	1,444,934	370,232	209,478	1,250,252
Total	334,754	247,964	1,444,934	370,232	209,478	1,250,252

- ⑥. Sales turnovers in the recent two years

Unit: NT\$ thousand/1,000 pcs

Year/sales turnover	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	volume	value	Volume	Value	Volume	Value	Volume	value
Major products								
Precision metal products and Processing services	56,976	1,248,947	157,644	2,162,772	46,680	987,397	137,464	1,706,970



Others	-	47,051	-	51,630	-	22,555	-	31,564
Total	56,976	1,295,998	157,644	2,214,402	46,680	1,009,952	137,464	1,738,534

### 3. Status of employees:

Year		2022	2023	February 29,2024
Number of employees	Indirect	241	236	248
	Direct	124	99	98
	Total	365	335	346
Average age		39.2	40.4	40.2
Average service years		7.83	8.76	8.65
Education distribution ratio	PhD	0.3%	0.6%	0.6%
	Master	6.3%	8.1%	8.1%
	College	45.2%	44.7%	45.7%
	Senior high school graduate	46.0%	44.5%	43.6%
	senior high school and Below	2.2%	2.1%	2.0%

Note: The number of global employees of the company is 1,797. The data only counts the number of the parent company, excluding the number of domestic and foreign subsidiaries.

### 4. Expenditure on Environmental Protection:

- (1) To elaborate on the amount the company spent on loss (including compensation) and punishment caused by environmental pollution for the recent two years and the current year as of the annual report publication date, and disclose the counter measures (including improvement measures) and possible disbursements (covering the estimated amounts of possible losses, punishments and compensation caused by not taking counter measures. If the amounts can't be appropriately estimated, please state why): None.

- (2) Influence of RoHS :

As confirmed by the Industrial Development Bureau of Ministry of Economic Affairs as per doc.

Guang-Dian-Zi no. 09500240130 dated March 29, 2006, the company is free from the restriction of RoHS requested by EU for hazardous substances.

### 5. Employee / Employer relation:

- (1) Working environment and personal safety and health

The Company is deeply aware that “sustainable development” is a challenging goal corporations must manage in the 21st century. As we pursue growth, we remain committed to fulfilling our corporate social responsibility (CSR). Besides persistently enhancing production technology and product quality, we actively set up management systems for environmental protection, occupational safety and health, energy and GHG inventory; formulate policies of environmental, safety and energy as well as GHG inventory; and fulfill our social responsibilities as a good citizen. Besides environmental protection, we take on shaping a safe, healthy and comfortable work environment as well as improving energy efficiency as our responsibilities.

We also uphold the core principle of “employees being the most important asset of a company”; thus, we remain vigilant in maintaining the physical and mental health of employees. Health seminars, sports courses, and health promotion programs are constantly organized for employee well-being, aiming to initiate a virtuous cycle of corporate promotion and increasing awareness among employees. For employees needing assistance, we provide consulting services on topics including career path, physical and mental stress, work management, and work emotions. Regarding standards and compliance norms for decisions of environmental protection, energy, and occupational safety and health, the Company is committed to adopting the following guidelines:

- Comply with environmental laws and regulations - Comply with and conform to government regulations and rules on environmental protection, occupational safety and health, energy and GHG; and take part in the global movement of going green, labor rights and zero accident

initiatives.

- Encourage vendors to follow suit - Contractors, suppliers, part timers, contracted workers, temps, and outsourced employees should comply with government laws and regulations, as well as the Company's occupational safety and environmental rules. Supervisors at all levels should lead by example and oversee relevant operations.
- Formulate comprehensive pollution reduction plans - Adopt source management for overall planning to minimize the possibility of pollution; implement GHG inventory for GHG reduction, waste reduction, energy saving, reuse, and clean production; reduce cost; mitigate impact on the ecology and environmental, safety and health (ESH); and establish ESH management system.
- Reduce waste and recycle continuously - Minimize the possibility of waste and strive to reduce waste by sorting recyclables.
- Promote health for employee benefits - Implement health management programs to promote the physical and mental health of employees.
- Commit to energy saving - Secure the supply of organizational resources, set preference for energy-saving facilities, and promote the concept of energy-saving design.
- Impose reliable controls on systems - Adopt the Plan-Do-Check-Act (PDCA) model for continuous improvement in order to improve the overall environmental, safety and energy (ESE) performance. Raise ESE awareness of employees, suppliers and contractors, eliminate or reduce possible hazards and risks and optimize energy efficiency through education, training, consultation, communication, and other means for full participation. Apply continuous improvement to achieve the goals of "Zero Disaster, Zero Accident, Zero Pollution, Low Carbon Emission".
- Utilize energy with efficiency - Consistently work on energy improvement towards energy conservation and carbon reduction and achieve the targets for energy goals.

## (2) Assessment of employees' behavioral ethics

The company has established "Ethical Corporate Management Best Practice Principles" and "standards of conduct" as standards for compliance by directors, supervisors, managers and employees

- When engaging in commercial activities, directors, supervisors, managers, employees of the company or persons having substantial control over such company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.
- When conducting business, the company and their directors, supervisors, managers, employees and substantial controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, grease payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where the company operate permit so.
- When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, The Company and their directors, supervisors, managers, employees and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.
- When making or offering donations and sponsorship, the company and their directors, supervisors, managers, employees and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.
- The company and their directors, supervisors, managers, employees and substantial controllers

shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

- **Avoid conflict of interest:** taking overall Company interest into consideration without intention to gain improper interest for themselves, spouse, parents, children or relative within the third-degree of kinship or impair the Company's interest.
- **Avoid chance to make money for one's own:** avoid opportunities to make money for one's own by using Company property, information and or taking advantage of duties.
- **Confidentiality:** information regarding the Company itself or its businesses, unless it is publicized under authorization or legal regulations, shall be kept confidential.
- **Fair trade:** treat the Company's customers, suppliers and competitors as fair as possible.
- **Protect and properly use the Company's assets:** protect the Company's assets to ensure that they can be efficiently and legally used for public affairs.
- **Comply with laws and regulations:** comply with all applicable regulations, rules and laws of the Company.
- **Encourage reporting of any illegal conduct or conduct violating ethical behavior standards.**
- **Punishment:** The Company shall investigate the responsibilities of any person that neglects his/her duties according to the violation condition and take appropriate legal actions.

### (3) Employees' welfare

To value employees and take good care of them, the Company has established an employee recreation area, and offered extra life and medical insurance to protect employees, in which the field personnel shall have accident insurance with a higher insurance amount.

There is an employee welfare committee organized to plan a variety of employee welfare matters.

In addition to employee travel and various recreational activities, there are also subsidies for marriage, giving birth and education, solicitation money and gifts to three major holidays, birthdays, etc. provided.

- **Salary and bonus:** cash gift for shopping during the three major traditional holidays, and Employee compensation, Annual Senior Employee Commendation.
- **Insurance:** apart from the labor insurance and national health insurance required by law, Employees are enrolled in the group comprehensive insurance policy, free regular medical checkups for employees. Healthcare, including visits from medical, Massage services from people with visual impairments.
- **employee activity:** Employee travel allowance and health promotion program, Offer various types of clubs with subsidies, year-end party prize drawing.
- **Intimate facilities:** Birthday cash gift, Employee wedding, funeral service, hospitalization, and childbirth subsidies, Independent and private medical and lactation (breastfeeding) room, Meal subsidies and Free parking.

### (4) Employee advanced studies and training

Various training courses were implemented under the plan referring to "implementation and management procedures of educational training", which allowed all employees to be capable of undertaking work. To ensure the efficiency of training, the training system is divided into: internal and external training courses and accreditation appraisal. The Company not only holds training courses for new comer and on service personnel, but also actively cultivates internal lecturers as well as a training system and advanced employee studies for the expectation to cultivate internal talents in different fields, enhance personnel quality and to achieve the goal of speed talent training, skill improvement and experience inheritance.

Implementation of employee education and training in the current year:

Total number of trainees	Total training hours
13,806	13,425 hours

“Middle and Top Management Training” and “Thai Language Learning” are the two key programs of our talent development plan. The former focuses on enhancing the management skills and concepts of managers, thereby building consensus and camaraderie within departments. Rapid changes in the global supply chain have drawn attention to the Southeast Asian market, where Thailand has emerged as a new spot for international investment with PCB manufacturers establishing their presence in the country. Topoint has done the same. In 2023, we called upon managers of R&D, manufacturing and sales to take Thai language courses together. A total of 17 courses were organized with 138 hours of training to prepare the Company for the Thai market. Starting from the basics such as vowels and consonants, the professional Thai language teacher guide the students to acquaint themselves with a new language. Besides language learning, participants become familiar with local customs and the way of people in Thailand, starting a new page in our global reach.

(5) Retirement system

The Company follows Chapter 6 of the Labor Standard Law to implement employee retirement related affairs and contribute employee pension reserves as regulated in the old system and labor pension as required in the new system monthly pursuant to regulations. The Company has zero person in filed a retirement application until December 31, 2023.

(6) Labor relationship

The Company has emphasized employee welfare and interest since its establishment, and the labor relation is very cohesive. The Company holds labor meetings periodically and provides employee proposal and opinion boxes for employees to respond to problems and constitute good interaction. It is expected to establish a cohesive relationship between labor and capital.

(7) As of the printing date of the annual report, the losses suffered and possible estimate amount in the future arising from disputes between labor and capital and correspondent actions. If it is unable to make a reasonable estimate, please explain the fact that cannot be reasonably estimated: None.

## 6. Information and communication management

(1) The framework, policy, concrete management measures of information and communication management and resources invested:

Regarding the information security management structure, the company has set up a group information office to coordinate the formulation, implementation, management and review of company information security and other related regulations. Several persons are responsible for the implementation of relevant information communication and network security management. Apart from formulating information security strategies, the Company also ensures compliance of the relevant standards. In addition to regular internal audits, the Company also invites external agency to conduct audit. Every quarter, the Company invites external vendor to perform system examination and convenes examination meetings to review and determine the strategies and policies on information security and protection so as to ensure the effectiveness of information security management measures.

### A. Information security policy of the Company

The policy includes four aspects as follows:

- Regulations: Formulate regulations pertaining to information security management to govern employee conduct.
- Installation of hardware: Install comprehensive information security equipment to implement information security management.
- Training: Establish notification mechanism for major information security incidents to increase the awareness of employees in this regard.
- Review of policies: Promote continuous improvement on information security to ensure corporate sustainable development.

In terms of the goals and directions (management, operation and technicality), it is to reduce

information security threats for the Company, establish confidentiality protection services that cater to customer needs and bear the top specifications. The Company seeks to establish multi-layered information security protection, continuously adopt new technology for information security defense, integrate and internalize internal control mechanism in the maintenance of software and hardware, supplier information security management and other routine procedures, systemize monitoring measures for information security, and protect the confidentiality, integrity and availability of the Company's important assets. Moreover, the Company also actively oversee the results of information security management. It shall undertake the information security indicator measurement and quantitative analysis according to the audit results. By regularly performing simulation for cyber-attack, the Company can assess the maturity of its information security. Meanwhile, by consistently reviewing and making improvements, the Company implements supervision and audits to ensure the sustained effectiveness of information security regulations. When employees violate the regulations and protocols, the Company shall undertake measures in accordance with the procedures for handling information security violation. According to the results of performance indicators and maturity assessment, the Company regularly reviews and undertakes information security measures, training courses and awareness program to ensure no leaking of important confidential information.

**B. Promotion of information security measures and its implementation results**

Item	Description	Results
1. Information security policy	Newly amended regulations	1 regulations
2. Training/awareness promotion	Information security and confidentiality training program for new recruits and supervisors	828 hours
	Yearly information security and training program for employees	966 hours
3. Incident(s)/violation(s)	Non-compliance of information security regulations and leaking incident, and disciplinary actions	None
4. System examination	Group employee social engineering drill	1 time
	Group website vulnerability scanning drill	1 time
5. Auditing	External professional agency/internal audit/customer	Once for each
6. Information Security Conference	Group biweekly information security review meeting	Twenty four for each

In 2023, the group invested a total of NT\$2,595,930 in information security management.

- (2) In the most recent year up to the publication date of the annual report, the total losses incurred by the company due to major information security incident, possible influences and countermeasures. If an estimation cannot be made, the reason should also be disclosed: None.
- (3) The company has introduced ISO 27001:2022 information security management certification and is expected to obtain the certification in 2024.

**7. Important agreements (including supply and sales contracts, technical corporation contracts, engineering contracts, long-term loan contracts, and the important contracts which may influence shareholders' equity)**

Contract characteristics	The interested party	Contract start and end dates	Major content	Restriction
Long-term loan contract	Mega International Commercial Bank	2021.12~2028.12	Payment due date	None

## VI. Financial information

### 1. Condensed balance sheet and Income statement of the last five years

#### A-1-1. Condensed Balance Sheet-IFRSs (Consolidated Financial Statements)

Unit: NT\$ 1,000

Year Item		Condensed Balance Sheet of fiscal year 2019~2023				
		2019	2020	2021	2022	2023
Current Assets		3,998,337	4,662,360	5,486,774	4,917,622	4,391,891
Property, plant and equipment		1,751,469	1,487,192	1,707,658	1,920,819	1,943,578
Intangible Assets		12,958	9,029	13,591	16,008	13,800
Other Assets		233,170	208,077	345,979	499,001	386,838
Total Assets		5,995,934	6,366,658	7,554,002	7,353,450	6,736,107
Current Liabilities	Before allocation	882,697	1,023,505	1,416,335	1,324,795	1,054,098
	After allocation	1,053,314	1,248,150	1,743,350	1,609,156	1,167,842
Non-Current Liabilities		587,497	556,133	904,600	719,597	775,649
Total Liabilities	Before allocation	1,470,194	1,579,638	2,320,935	2,044,392	1,829,747
	After allocation	1,640,811	1,804,283	2,647,950	2,328,753	1,943,491
Equity attributable to shareholders of the company		4,277,144	4,444,481	4,647,999	4,712,654	4,331,434
Capital Stock		1,421,805	1,421,805	1,421,805	1,421,805	1,421,805
Capital surplus		1,230,872	1,229,931	1,227,748	1,227,638	1,227,638
Retained earnings	Before allocation	2,028,936	2,138,064	2,361,261	2,368,691	2,050,392
	After allocation	1,858,319	1,913,419	2,034,246	2,084,330	1,936,648
Other stockholders' equity		(404,469)	(345,319)	(362,815)	(305,480)	(368,401)
Treasury stock		-	-	-	-	-
Non-controlling interest		248,596	342,539	585,068	596,404	574,926
Total equities	Before allocation	4,525,740	4,787,020	5,233,067	5,309,058	4,906,360
	After allocation	4,355,123	4,562,375	4,906,052	5,024,697	4,792,616

## A-1-2. Condensed Balance Sheet-IFRSs (Parent Company Only Financial Statements)

Unit: NT\$ 1,000

<div>Year</div> <div>Item</div>		Condensed Balance Sheet of fiscal year 2019~2023				
		2019	2020	2021	2022	2023
Current Assets		834,531	744,067	680,695	687,491	585,757
Property, plant and equipment		266,087	302,995	372,784	570,219	635,276
Intangible Assets		1,127	3,428	2,618	5,326	3,717
Other Assets		3,909,309	4,169,281	4,727,538	4,493,985	4,140,016
Total Assets		5,011,054	5,219,771	5,783,635	5,757,021	5,364,766
Current Liabilities	Before allocation	352,820	444,937	520,190	630,044	505,986
	After allocation	523,437	669,582	847,205	914,405	619,730
Non-Current Liabilities		381,090	330,353	615,446	414,323	527,346
Total Liabilities	Before allocation	733,910	775,290	1,135,636	1,044,367	1,033,332
	After allocation	904,527	999,935	1,462,651	1,328,728	1,147,076
Equity attributable to shareholders of the company		4,277,144	4,444,481	4,647,999	4,712,654	4,331,434
Capital Stock		1,421,805	1,421,805	1,421,805	1,421,805	1,421,805
Capital surplus		1,230,872	1,229,931	1,227,748	1,227,638	1,227,638
Retained earnings	Before allocation	2,028,936	2,138,064	2,361,261	2,368,691	2,050,392
	After allocation	1,858,319	1,913,419	2,034,246	2,084,330	1,936,648
Other stockholders' equity		(404,469)	(345,319)	(362,815)	(305,480)	(368,401)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equities	Before allocation	4,277,144	4,444,481	4,647,999	4,712,654	4,331,434
	After allocation	4,106,527	4,219,836	4,320,984	4,428,293	4,217,690

B-1-1. Condensed Income Statement-IFRSs (Consolidated Financial Statements)

Unit: NT\$1,000

Item \ Year	Condensed Balance Sheet of fiscal year 2019~2023				
	2019	2020	2021	2022	2023
Net sales	3,006,253	2,973,426	3,773,746	3,510,400	2,748,486
Gross Profit	859,195	969,264	1,235,499	1,062,322	616,764
Operating Income	307,102	467,417	644,443	506,228	81,802
Non-operating income and expenses	23,859	(1,857)	22,343	37,351	55,218
Income before tax	330,961	465,560	666,786	543,579	137,020
Operating income	203,007	303,546	492,347	370,260	(38,547)
Loss of business units	-	-	-	-	-
Net income	203,007	303,546	492,347	370,260	(38,547)
Other comprehensive income	(126,585)	57,850	(21,999)	61,009	(58,186)
Total comprehensive income	76,422	361,396	470,348	431,269	(96,733)
Net income attributable to Shareholders of the company	190,275	281,567	447,175	332,245	(36,026)
Net income attributable to non-controlling interest	12,732	21,979	45,172	38,015	(2,521)
Total comprehensive income attributable to Shareholders of the company	64,986	338,895	430,346	391,780	(96,859)
Total comprehensive income attributable to non-controlling interest	11,436	22,501	40,002	39,489	126
Earnings per share	1.34	1.98	3.15	2.34	-0.25



B-1-2. Condensed Income Statement- IFRSs(Parent Company Only Financial Statements)

Unit: NT\$1,000

Item \ Year	Condensed Balance Sheet of fiscal year 2019~2023				
	2019	2020	2021	2022	2023
Net sales	1,020,624	1,148,344	1,171,961	1,056,625	809,767
Gross Profit	333,450	422,412	393,415	348,785	206,875
Operating Income	156,395	188,989	124,602	126,626	55,424
Non-operating income and expenses	63,334	133,126	355,432	343,113	127,984
Income before tax	219,729	322,115	480,034	469,739	183,408
Operating income	190,275	281,567	447,175	332,245	(36,026)
Loss of business units	-	-	-	-	-
Net income	190,275	281,567	447,175	332,245	(36,026)
Other comprehensive income	(125,289)	57,328	(16,829)	59,535	(60,833)
Total comprehensive income	64,986	338,895	430,346	391,780	(96,859)
Net income attributable to Shareholders of the company	190,275	281,567	447,175	332,245	(36,026)
Net income attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to Shareholders of the company	64,986	338,895	430,346	391,780	(96,859)
Total comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	1.34	1.98	3.15	2.34	-0.25

C. Auditing by CPAs

CPAs and their auditing opinions in the past five years

Year	CPAs	Opinions
2019	Chao-Mei, Chen & Chien-Hsin, Hsieh (Deloitte & Touche-Taiwan)	Unqualified
2020	Chao-Mei, Chen & Chien-Hsin, Hsieh (Deloitte & Touche-Taiwan)	Unqualified
2021	Chien-Hsin, Hsieh & Chao-Mei, Chen (Deloitte & Touche-Taiwan)	Unqualified
2022	Chien-Hsin, Hsieh & Chao-Mei, Chen (Deloitte & Touche-Taiwan)	Unqualified
2023	Chien-Hsin, Hsieh & Bo-Ren, Weng. (Deloitte & Touche-Taiwan)	Unqualified

## 2.1-1. Financial analysis in the past five years-IFRSs (Consolidated Financial Statements)

<div> <div>Year</div> <div>Item</div> </div>		Condensed Income Statement of fiscal year 2018~2022				
		2019	2020	2021	2022	2023
Financial structure (%)	Ratio of liabilities to assets	24.52	24.81	30.72	27.80	27.16
	Ratio of long-term capital to fixed assets	281.18	343.69	341.58	297.22	273.02
Solvency (%)	Current Ratio	452.97	455.53	387.39	371.2	416.65
	Quick Ratio	402.21	406.95	337.74	313.83	354.02
	Times interest Earned Ratio	22.91	49.13	54.37	37.01	9.06
Operating ability	Account Receivables Turnover (times)	2.37	2.65	3.06	2.92	2.76
	Day's sales in accounts receivable	154.01	137.74	119.28	125.00	132.24
	Inventory Turnover (times)	4.49	4.37	4.34	3.41	3.06
	Account Payable Turnover (times)	11.48	10.89	8.62	8.08	10.09
	Average days in sales	81.29	83.52	84.10	107.03	119.28
	Fixed Assets Turnover (times)	1.57	1.84	2.36	1.93	1.42
	Total Assets Turnover(times)	0.50	0.48	0.54	0.47	0.39
Profit ability	Ratio of Return on assets (%)	3.49	5.04	7.22	5.13	-0.35
	Ratio of Return on shareholders' equity (%)	4.44	6.52	9.83	7.02	-0.75
	Ratio of Income before tax to Capital stock (%)	23.28	32.74	46.90	38.23	9.64
	Profit ratio (%)	6.75	10.21	13.05	10.55	-1.40
	EPS (\$)	1.34	1.98	3.15	2.34	-0.25
Cash Flows (%)	Cash flow ratio (%)	107.63	87.55	57.19	59.67	39.65
	Cash flow adequacy ratio (%)	164.90	189.83	160.60	128.53	113.95
	Cash reinvestment ratio (%)	7.49	6.58	4.77	3.82	1.11
Balance	Degree of operating leverage	4.84	3.30	3.12	3.90	16.35
	Degree of financial leverage	1.06	1.02	1.02	1.03	1.29

**Analysis of financial ratio change in the last two fiscal years: (If the difference does not exceed 20%, the analysis is not required)**

- (1) Decrease in interest coverage ratio: mainly due to decrease in net profit before interest and tax.
- (2) Decrease in inventory turnover (times): mainly due to increase in inventory.
- (3) Increase in average sales days: mainly due to decrease in inventory turnover (times).
- (4) Decrease in various ratios of profitability: mainly due to the decrease in net profit in the current period.
- (5) Decrease in cash flow allowable ratio: mainly due to increase in capital expenditure and inventory.
- (6) Decrease in cash reinvestment ratio: mainly due to decrease in working capital.
- (7) Increase in operating leverage: mainly due to the decrease in operating profit.

2.1-2. Financial analysis in the past five years-IFRSs (Parent Company Only Financial Statements)

<div> <div>Year</div> <div>Item</div> </div>		Condensed Income Statement of fiscal year 2018~2022				
		2019	2020	2021	2022	2023
Financial structure (%)	Ratio of liabilities to assets	14.65	14.85	19.64	18.14	19.26
	Ratio of long-term capital to fixed assets	1,742.72	1,569.16	1,407.79	896.61	744.78
Solvency (%)	Current Ratio	236.53	167.23	130.86	109.12	115.77
	Quick Ratio	194.38	131.89	98.97	79.68	86.05
	Times interest Earned Ratio	23.67	43.17	46.39	37.15	14.46
Operating ability	Account Receivables Turnover (times)	3.98	4.46	3.85	3.73	3.67
	Day's sales in accounts receivable	91.71	81.84	94.81	97.86	99.46
	Inventory Turnover (times)	4.43	4.93	4.97	4.13	3.65
	Account Payable Turnover (times)	9.84	10.97	10.29	10.28	10.73
	Average days in sales	82.39	74.04	73.44	88.38	100.00
	Fixed Assets Turnover (times)	3.70	4.04	3.47	2.24	1.34
	Total Assets Turnover(times)	0.20	0.22	0.20	0.18	0.15
Profit ability	Ratio of Return on assets (%)	3.88	5.62	8.28	5.94	-0.45
	Ratio of Return on shareholders' equity (%)	4.40	6.46	9.84	7.10	-0.80
	Ratio of Income before tax to Capital stock (%)	15.45	22.66	33.76	33.04	12.90
	Profit ratio (%)	18.64	24.52	38.16	31.44	-4.45
	EPS (\$)	1.34	1.98	3.15	2.34	-0.25
Cash Flows (%)	Cash flow ratio (%)	48.69	53.24	35.70	21.57	1.02
	Cash flow adequacy ratio (%)	149.22	120.58	107.5	66.18	40.41
	Cash reinvestment ratio (%)	0.02	0.97	-0.55	-2.91	-4.39
Balance	Degree of operating leverage	3.65	2.63	3.78	5.13	37.54
	Degree of financial leverage	1.08	1.04	1.08	1.15	-2.59

**Analysis of financial ratio change in the last two fiscal years: (If the difference does not exceed 20%, the analysis is not required)**

- (1) Decrease in the ratio of long-term funds to fixed assets: mainly due to the decrease in long-term borrowings and the increase in fixed assets.
- (2) Increase in average sales days: mainly due to decrease in inventory turnover (times).
- (3) Decrease in turnover rate of fixed assets (times): mainly due to decrease in sales revenue and increase in fixed assets.
- (4) Decrease in various ratios of profitability: mainly due to the decrease in net profit in the current period.
- (5) Decrease in various ratios of cash flow: mainly due to decrease in net cash flow from operating activities, capital expenditure and increase in inventory.
- (6) Increase in operating leverage: mainly due to the decrease in operating profit.

Note1: Equations:

1. Financial structure

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

(2) Ratio of long-term capital to fixed assets = (Net Shareholder's equity + Long-term liabilities) / Net fixed assets.

2. Debt-paying ability
    - (1) Current Ratio = Current assets / Current liabilities
    - (2) Quick Ratio = (Current assets - Inventory - Prepaid expense) / Current liabilities
    - (3) Times interest Earned Ratio = Net profit before tax and interest expense / interest expense
  3. Operating ability
    - (1) Receivables (including accounts receivable and the notes receivable due to operation) turnover ratio = Net sales / Average receivables (including accounts receivable and the notes receivable due to operation) balance
    - (2) Average cash receiving days = 365 / Turnover rate of total assets.
    - (3) Inventory Turnover Ratio = Cost of sales / Average amount of inventory
    - (4) Payables (including accounts payable and the notes payable due to operation) turnover ratio = Cost of sales / Average Payables (including accounts payable and the notes payable due to operation) balance
    - (5) Average period of sales = 365 / Inventory Turnover Ratio
    - (6) Ratio of Fixed Assets Turnover = Net sales / Net fixed assets
    - (7) Ratio of Total Assets Turnover = Net sales / Total assets
  4. Profitability
    - (1) Return on assets = [gain and loss after tax + interest expense × (1 - tax ratio)] / Average Total assets
    - (2) Return on shareholders' equity = gain and loss after tax / Average Net shareholders' equity.
    - (3) Net profit margin = gain and loss after tax / Net sales
    - (4) EPS = (Net income - Preferred dividend) / weighted average number of issued shares (Note4)
  5. Cash Flows
    - (1) Cash flow ratio = Operating net Cash Flows / Current liabilities
    - (2) Net Cash flow adequacy ratio = the past five years' operating net Cash Flows / the past five years' (capital expense + inventory increasing amount + cash dividend).
    - (3) Ratio of cash reinvestment = (Operating net Cash Flows - cash dividend) / (Gross fixed assets + Long-term investment + other financial assets + operating capital) (Note5)
  6. Balance:
    - (1) Degree of Operating leverage = (Net operating income - operating cost and expense changes) / Operating income (Note6)
    - (2) Degree of Financial leverage = Operating income / (Operating income - interest expense)
- Note2: The notice items for calculating EPS are as follows:
1. Based on weighted average common shares, not the weighted average number of issued shares.
  2. For capitalization with cash or Treasury stock trade, the stock circulation must be included for consideration to calculate weighted average stock shares.
  3. For capitalization with retained earnings and additional paid-in capital, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
  4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) should be deducted from net income or added to the net loss. If preferred stock shares are not cumulative, preferred stock dividend should be deducted from net income if there is any but it needs not be added to net loss if there is any.
- Note3: The notice items for cash flow analysis are as follows:
1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Statement of Cash Flow.
  2. Capital expenditure meant for the cash outflow of capital investment annually.
  3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
  4. Cash dividend includes the amount for common stock and preferred stock.
  5. Gross fixed assets meant for the total fixed assets before deducting the cumulative depreciation.
- Note4: Issuers are to have operating cost and operating expenses classified into the category of fixed and variable. If the classification of operating cost and operating expense involves estimation or discretionary judgment, it must be made reasonably and consistently.

3. Audit Committee' Report for the Most Recent Year: Please refer to Page89 in the annual report for details.
4. Consolidated financial difficulties of the Company and related party on the Company's financial position:  
Please refer to Page100~179 in the annual report for details.
5. Parent-Company-Only Financial statements in the most recent years: Please refer to Page180~259 in the annual report for details.
6. Impact of financial difficulties of the Company and related party on the Company's financial position: None.

## **Topoint Technology Co., Ltd.**

### **Audit Committee's Report**

The Board of Directors has prepared and submitted the 2023 business report, financial statements, and earnings distribution proposal. The financial statements were audited by the CPAs: Chien-Hsin, Hsieh and Bo-Ren, Weng of Deloitte & Touche-Taiwan. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Topoint Technology Co., Ltd. According to relevant the Securities and Exchange Act and the Company Law, we hereby submit this report.

Sincerely yours,

2024 Shareholder's Meeting of Topoint Technology Co., Ltd.

Audit Committee convener: Chun-Yeh, Chen

Feb. 27, 2024

## VII. Review of financial position, management performance and risk management

### 1. Financial position

#### A. Financial status comparison analysis

Unit: NT\$1,000

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	\$4,391,891	\$4,917,622	(525,731)	(10.69)
Property, plant and equipment	1,943,578	1,920,819	22,759	1.18
Intangible assets	13,800	16,008	(2,208)	(13.79)
Other noncurrent assets	386,838	499,001	(112,163)	(22.48)
Total assets	6,736,107	7,353,450	(617,343)	(8.40)
Current liabilities	1,054,098	1,324,795	(270,697)	(20.43)
Noncurrent liabilities	775,649	719,597	56,052	7.79
Total liabilities	1,829,747	2,044,392	(214,645)	(10.50)
Total equity attributable to owners of the Company	4,331,434	4,712,654	(381,220)	(8.09)
Common stock	1,421,805	1,421,805	-	-
Capital surplus	1,227,638	1,227,638	-	-
Retained earnings	2,050,392	2,368,691	(318,299)	(13.44)
Other equity	(368,401)	(305,480)	(62,921)	20.60
Treasury shares	-	-	-	-
NON-CONTROLLING INTERESTS	574,926	596,404	(21,478)	(3.60)
Total shareholders' equity	4,906,360	5,309,058	(402,698)	(7.59)

Note:

(1) The increase in other assets was mainly due to the increase in prepayments for equipment.

(2) The decrease in non-current liabilities was mainly due to the decrease in long-term borrowings.

## 2. Management performance

### A. Comparison of business performance

Unit: NT\$ 1,000

Item	Year	2023	2022	Amount change	Ratio change (%)
Net operating income		\$2,748,486	\$3,510,400	(761,914)	(21.70)
Operating cost		2,131,722	2,448,078	(316,356)	(12.92)
Gross profit		616,764	1,062,322	(445,558)	(41.94)
Operating expense		541,120	602,334	(61,214)	(10.16)
Operating income		81,802	506,228	(424,426)	(83.84)
Non-operating income and expenses		55,218	37,351	17,867	47.84
Net income before tax		137,020	543,579	(406,559)	(74.79)
Income tax expense(gain)		175,567	173,319	2,248	1.30
Net income		(38,547)	370,260	(408,807)	(110.41)
Net profit attributed to: Owner of the Company		(36,026)	332,245	(368,271)	(110.84)
Analysis of financial ratio change:					
(1) The decrease in operating profit was mainly due to the decrease in sales revenue.					
(2) The decrease in consolidated interests and interests attributable to the parent company was mainly due to the decrease in operating interests.					

### B. KPI

Industry-specific Key Performance Indicator (KPI):

The Company periodically reviews various financial and industrial key performance indicators among businesses in the same industry to control the competitive advantages and industrial movements in a timely manner. The key performance indicator analyses in 2023 are as follows (consolidated number):

Market Share (%)	10-15%
Quality Yield Rate (%)	98.04%
Production Utilization (%)	67.7%

### 3. Analysis of Cash Flows

#### A. Liquidity analysis of the last two years

Item \ Year	2023	2022	Fluctuation ratio %
Cash flow ratio	39.65	59.67	(33.55)
Cash adequacy ratio	113.95	128.53	(11.34)
Cash reinvestment ratio	1.11	3.82	(70.94)
Analysis of financial ratio change:			
1. Decrease in cash flow allowable ratio: mainly due to increase in capital expenditure and inventory.			
2. The decrease in cash reinvestment ratio: mainly due to the decrease in working capital.			

#### B. Analysis of cash liquidity in one year

Unit: NT\$ 1,000

Beginning cash balance	Expected net cash flow from operating activity of the year	Expected cash outflow of the year	Expected cash surplus (deficit)	Remedial measures for the expected insufficient cash	
				Investing activity	Financing activity
1,596,526	505,402	643,551	1,458,377	-	-
Remedial measures for the expected insufficient cash and liquidity analysis: N/A					

4. Impact of major capital expenditure on finance and business: None.

5. Most recent fiscal year investment policies, reasons for gain or loss and action plan in regard to investment plans in current year and the next year:

- (1) Most recent fiscal year investment policies: The degree of reinvestment profit, mainly integrated platform to increase revenues and profits as the main policies.
- (2) The main reason for reinvestment profit: The company in 2021 under the equity method Investment income is NT \$347,808 thousand, mainly overseas investee companies operating in good condition, due to profit.
- (3) Investment plans next year: Based on "discipline, insistence and innovation", the perspective of long-term strategic investment plan carefully assessed.

### 6. Risk Management

#### Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

##### A. Interest Rates

The Company's obtains more favorable borrowing interest rates and financing channels in the market based on the timing of capital needs, and uses the funds for the most effective dispatch to reduce interest expenses. As of December 31, 2022, the short-term and long-term loans amounted to NT \$ 505,036 thousand. Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profits for the year ended December 31, 2022 would have increased/decreased by NT \$613 thousand.

##### B. Foreign Exchange Rates

The Company's uses the natural hedging method of balancing foreign currency assets and liabilities, combined with the actual hedging of forward foreign exchange transactions, to continuously control foreign currency positions to reduce the impact of exchange rate fluctuations on the company's profit and loss.

##### C. Inflation



The impact of inflation does not currently have a significant impact on the Company's profits and business operations.

**Management of Finance Risk: transactions of high risk, high leverage investment, loan funds to others, endorsement, and derivatives commodity**

The Company did not engage in any high-risk or high-leveraged investments and procedures related to lending during the most recent fiscal year. The balance of endorsement for subsidiaries, due to business relations is See page 162~163 of the annual report till the end of December 31, 2022. The Company has promulgated its "Procedures for Acquisition or Disposal of Assets", "Procedure of External Lending" and "Procedures for Endorsement & Guarantee", Therefore, there is no significant adverse impact on the company's profit and loss.

**Future R&D plans and expected R&D investment expense**

Project Name	Status	Budget	Estimated Mass Production Time	Key Successful Factors
High Flute Length/Diameter Aspect Ratio Drill Development	30%	25,000,000	Dec,2024	Cooperate between product design and process improvement teams
CVD Diamond Coating Film	15%		Jun,2025	Develop most wearout resistant CVD diamond coating technology by our professional coating team
AI Drill Design System	10%		Jun,2025	Use AI technology to assist the drill bit design by using drilling big data

- (1) Develop high flute length/diameter aspect ratio drill to increase the stack height. Help customers to improve the production efficiency and reduce the cost.
- (2) Develop the most wearout resistant CVD diamond coating to improve the drill bit life time significantly.
- (3) Develop a more efficient drill bit design system by using AI technology and drilling big data.

**The impact of change in major policies, and laws, in Taiwan, and abroad, upon the financial standing of the company and the countermeasures**

The operations of the company have all followed the relevant laws and regulations, and noticed the policy direction and corresponded with the strategy appropriately; therefore, the company can always effectively correspond and grasp the domestic and international important policy and legal changes.

**The impact of change in technology( Including information security risks )and industry upon the financial standing of the company and the countermeasures**

The company always attaches great attention to the relevant technology changes of the industry to grasp the market trend and assess the impact it may cause to the company operations.

In response to information security risks and countermeasures, the company has established comprehensive network and computer-related information security protection measures, through continuous review and evaluation of its information security regulations and procedures to ensure their appropriateness and effectiveness; In the future, in order to prevent and reduce the damage caused by such attacks, we will implement relevant improvement measures and continuously update them, regularly perform employee alertness tests and entrust external experts to perform information security assessments. In addition, the internal audit unit arranges an "information security" audit plan every year, and reports its audit results to the audit committee and the board of directors respectively.

**The impact of change in corporate image upon corporate risk management and the countermeasures**

Since the establishment of the company, it has been actively strengthening internal management, improving

management quality and effectiveness, continuing to follow and implement various corporate governance requirements, setting up independent directors, and appointing relevant experts to provide timely advice to reduce the occurrence of risks and the impact of risks to the company.

**Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.**

**Expected Benefits from, Risks Relating to and Response to Facility Expansion Plans: None.**

**Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration**

The company strives to diversify its purchase suppliers or sales customers in order to reduce the risk of excessive concentration.

**Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors or Shareholders with Shareholdings of over 10%: None.**

**Effects of, Risks Relating to and Response to Changes in Control over the Company: None.**

**Litigation and non-litigation matters**

- (1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.
- (2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors or shareholders with over 10% shareholdings: None.

**Other major risks and countermeasures**

For other risk management and operation situations, please visit the company's official website.  
<https://www.topoint.tw/tw/attention>

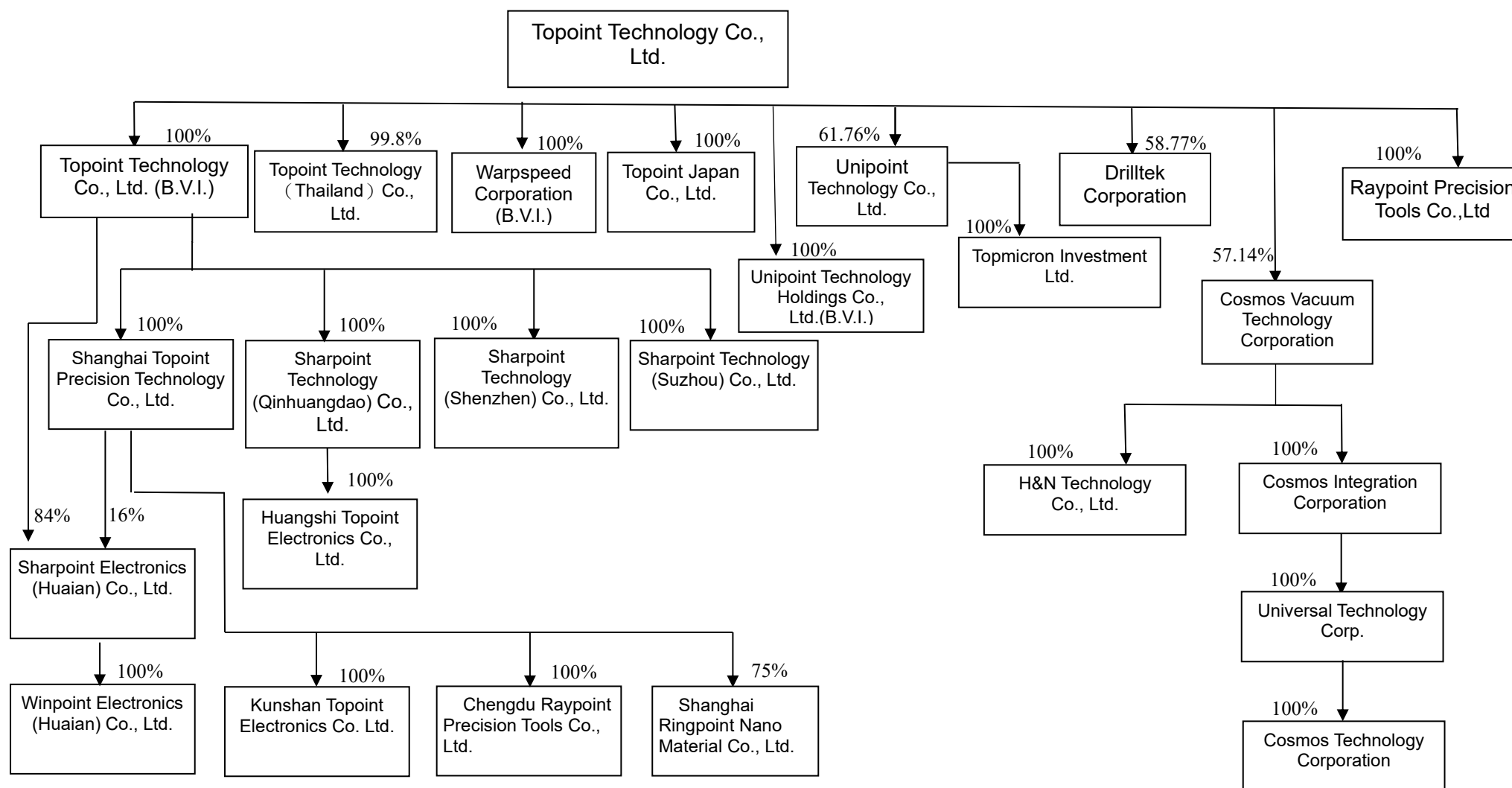
7. Other important matters: None.

## VIII. Special Disclosures

### 1. Information of Affiliated Firms

#### A. Affiliates Consolidated Business Report

##### (1) Organization chart



## (2) Basic information

Name of the invested company	Area	Major business	Paid-up capital Unit: NT\$ 1,000
Topoint Technology Co., Ltd.(B.V.I.)	British Virgin Islands	International investment	1,772,629
Unipoint Technology Co., Ltd.	Republic of China	Testing of drill bits and mounting plate bolt holes	497,000
Warp speed Corporation (B.V.I.)	British Virgin Islands	International trade	1,569
Topoint Japan Co., Ltd.	Japan	Selling electronic components	7,667
Unipoint Technology Holdings Co., Ltd.(B.V.I.)	British Virgin Islands	International investment	0
Raypoint Precision Tools Co.,Ltd.	Republic of Seychelles	International trade	1,511
Topmicron Investment Ltd.	Samoa	International investment	0
Topoint Technology (Thailand) Co., Ltd.	Thailand	Production, sales and processing business of micro drill bits for electronic circuit boards	196,747
Drilltek Corporation	Republic of China	Testing of drill bits and mounting plate bolt holes	131,000
Cosmos Vacuum Technology Corporation	Republic of China	Vacuum coating and router bits	383,446
H&N Technology Co., Ltd.	St. Kitts and Nevis	International trade	6,939
Cosmos Integration Corporation	St. Kitts and Nevis	International investment	241,571
Universal Technology Corp.	St. Kitts and Nevis	International investment	215,793
Shanghai Topoint Precision Technology Co., Ltd.	China	Manufacturing and selling precision equipment and measurement facilities	1,443,066
Sharpoint Technology (Qinhuangdao) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	250,222
Sharpoint Technology (Shenzhen) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	147,583
Sharpoint Technology (Suzhou) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	177,872
Kunshan Topoint Electronics Co. Ltd.	China	Drilling bits	97,228
Sharpoint Electronics (Huaian) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	308,875
Chengdu Raypoint Precision Tools Co., Ltd.	China	Cutting equipment	453,943
Winpoint Electronics (Huaian) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	25,341
Shanghai Ringpoint Nano Material Co., Ltd.	China	Processing metal products	58,660
Cosmos Technology Corporation	China	Vacuum coating and router bits	231,752
Huangshi Topoint Electronics	China	Testing of drill bits and	151,732

Name of the invested company	Area	Major business	Paid-up capital Unit: NT\$ 1,000
Co., Ltd.		mounting plate bolt holes	

(3) The shareholder's information presumed to have control and subordination:  
None.

(4) The industry covered by the overall affiliates operating business

The operating business of the company and its affiliated enterprises include the R&D, manufacture, and sales of drills, etc.

(3) Affiliated enterprises directors, supervisors, and presidents

Company Name	Position	Name/Representative	Share holding	
			Amount	%
Topoint Technology Co., Ltd. (B.V.I.)	Director	LIN,HSU-TING	7,194	100%
Unipoint Technology Co., Ltd.	Director	Topoint Technology Co., Ltd.	30,696,297	61.76%
		Representative: LIN,HSU-TING LIN,JO-PING	-	-
		Xinyang Investment Co., Ltd.	19,003,703	38.24%
		Representative: LIU,CHIH-HUNG	-	-
	Supervisor	LI,WAN-PING	-	-
Warspeed Corporation (B.V.I.)	Director	LIN,HSU-TING	-	-
Topoint Japan Co., Ltd.	Director	LIN,JO-PING	-	-
Unipoint Technology Holdings Co.,Ltd. (B.V.I.)	Director	LIN,HSU-TING	-	-
Raypoint Precision Tools Co.,Ltd.	Director	LIN,HSU-TING	-	-
Topmicron Investment Ltd.	Director	LIN,HSU-TING	-	-
Topoint Technology (Thailand) Co., Ltd.	Director	LIN,HSU-TING	21,800	0.1%
		LIN,JO-PING	21,800	0.1%
		CHANG,CHI-HSUN	-	-
Drilltek Corporation	Director	Topoint Technology Co., Ltd.	7,692,816	58.72%
	Director	Representative: LIN,HSU-TING LIN,JO-PING YEN,CHANG-LUNG LI,WAN-PING	-	-
	Director	HSU,JUI-HUNG	79,142	0.01%
	Supervisor	KO,LI-CHING	-	-

Company Name	Position	Name/Representative	Share holding	
			Amount	%
Drilltek Corporation	Supervisor	HSU, TSAI-WEI	139,459	0.01%
Cosmos Vacuum Technology Corporation	Director	Topoint Technology Co., Ltd.	21,909,063	57.14%
	Director	Representative: LIN, HSU-TING LIN, JO-PING LI, WEN-CHIN HUANG, YING-MING	-	-
	Director	SUNG, TUNG-CHING	1,287,596	0.03%
	Director	CHANG, YUNG-CHING	2,028,481	0.05%
	Director	CHO, EN-MIN	1,382,825	0.04%
	Supervisor	CHENG, CHUN-CHIEH	527,547	0.01%
	Supervisor	LU, CHUNG-CHI	2,456,558	0.06%
	Supervisor	LI, WAN-PING	-	-
H&N Technology Co., Ltd.	Director	SUNG, TUNG-CHING	-	-
Cosmos Integration Corporation	Director	SUNG, TUNG-CHING	-	-
Universal Technology Corp.	Director	SUNG, TUNG-CHING	-	-
Shanghai Topoint Precision Technology Co., Ltd.	Director	Hsu-Ting, Lin	-	-
	Director	Juo-Ping, Lin	-	-
	Director	Sheng-Chou, Weng	-	-
	Supervisor	Chang-Long, Yan	-	-
Sharpont Technology (Qinhuangdao) Co., Ltd.	Director	Chang-Long, Yan	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Juo-Ping, Lin	-	-
	Supervisor	Sheng-Chou, Weng	-	-
Unipoint Technology Shenzhen Co., Ltd.	Director	Zhen-Jian, Liu	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Juo-Ping, Lin	-	-
	Supervisor	Chang-Long, Yan	-	-
Sharpont Technology (Shenzhen) Co., Ltd.	Director	Chang-Long, Yan	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Juo-Ping, Lin	-	-
	Supervisor	Sheng-Chou, Weng	-	-
Sharpont Technology (Suzhou) Co., Ltd.	Director	Chang-Long, Yan	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Sheng-Chou, Weng	-	-
	Supervisor	Juo-Ping, Lin	-	-
Kunshan Topoint Electronics Co. Ltd.	Director	Sheng-Chou, Weng	-	-
	Director	Chang-Long, Yan	-	-
	Director	Jun-xi, Huang	-	-
	Supervisor	Juo-Ping, Lin	-	-
Sharpont Electronics (Huaian) Co., Ltd.	Director	Chang-Long, Yan	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Sheng-Chou, Weng	-	-

Company Name	Position	Name/Representative	Share holding	
			Amount	%
Chengdu Raypoint Precision Tools Co., Ltd.	Supervisor	Juo-Ping, Lin	-	-
	Director	Chang-Long, Yan	-	-
	Director	Zhan-Yang, Chen	-	-
	Director	Hsu-Ting, Lin	-	-
	Supervisor	Juo-Ping, Lin	-	-
Winpoint Electronics (Huaian) Co., Ltd.	Director	Chang-Long, Yan	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Sheng-Chou, Weng	-	-
	Supervisor	Juo-Ping, Lin	-	-
Shanghai Ringpoint Nano Material Co., Ltd.	Director	Sheng-Chou, Weng	-	-
	Director	Chang-Long, Yan	-	-
	Director	Ci-Fong, Hong	-	-
	Supervisor	Juo-Ping, Lin	-	-
Cosmos Technology Corporation	Director	Tung-Ching, Sung	-	-
	Supervisor	Jun-xi, Huang	-	-
Huangshi Topoint Electronics Co., Ltd.	Director	Sheng-Chou, Weng	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Juo-Ping, Lin	-	-
	Supervisor	Chang-Long, Yan	-	-

**B. Affiliates Consolidated Financial Statements: See Page93~P172**

The affiliates of Topoint Technology Co., Ltd., which should have been included in the combined financial statements of Topoint Technology and its affiliates, as of 2023 (from January 1, 2023 to December 31, 2023), based on the “Principles and Guidelines for Preparation of the Affiliates Consolidated Business Report, Affiliates Consolidated Financial Statements, and the Report.”, are the same as those included in the consolidated financial statements of Topoint Technology and its subsidiaries as of 2022, prepared under the Statement of International Financial Reporting Standards (IFRS) No.10. The information required to be disclosed in the consolidated financial statements has already been disclosed in the above consolidated financial statements. Consequently, there is no need to prepare a separate consolidated financial statement of Topoint Technology and its affiliates.

**C. Affiliation Report: N/A**

2. Subscription of marketable securities privately in the most recent years: None.
3. The stock shares of the company held or disposed by the subsidiaries in the most recent years: None.
4. Supplementary disclosures: None.
5. Occurrence of events defined in Securities Transaction Law Article 36.3.2 that has great impact on shareholder's equity or security price in the most years and up to the date of the report printed: None.

**Topoint Technology Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Topoint Technology Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Topoint Technology Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 the Group 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 for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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.

### The Authenticity of Drill Revenue

Management may feel pressure to achieve planned results, and therefore, the Standards on Auditing of the Republic of China assume there is a presumptive risk of fraud in revenue recognition. We have determined this to apply specifically to the authenticity of transactions of drill sales. Refer to Note 4 to the accompanying consolidated financial statements for the relevant accounting policy of revenue recognition.

By conducting tests of controls, we obtained an understanding of the Group's recognition of drill revenue and of its design and implementation of related controls, and analyzed the changes in the top ten drill sales from customers and the accounts receivable turnover rate; we checked the rationale of drill revenue recognition based on the transactions. We tested the occurrence of drill revenue transactions, and we performed journal entry testing by selecting samples of drill revenue journals and matching them with the original orders and external shipping documents or customer receipt documents. We reviewed that there were no significant sales returns after the year end and confirmed that there are no material misstatements of drill revenue.

### **Other Matter**

We have also audited the parent company only financial statements of Topoint Technology Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 the Group'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 the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 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 audits resulting in this independent auditors' report are Chien-Hsin Hsieh and Bo-Ren Weng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,596,526	24	\$ 2,768,862	38
Financial assets at fair value through profit or loss (Notes 4, 7 and 29)	182,392	3	204,112	3
Financial assets at amortized cost - current (Note 8)	882,019	13	-	-
Notes receivable (Notes 4, 10 and 23)	51,180	1	78,310	1
Accounts receivable (Notes 4, 10 and 23)	796,864	12	841,120	11
Accounts receivable - related parties (Notes 4, 23 and 30)	111,035	2	113,404	2
Other receivables (Notes 4 and 10)	96,525	1	133,648	2
Current tax assets (Notes 4 and 25)	5,744	-	4,633	-
Inventories (Notes 4 and 11)	646,623	9	747,013	10
Prepayments (Note 12)	14,846	-	17,951	-
Other current assets (Notes 17 and 31)	8,137	-	8,569	-
Total current assets	<u>4,391,891</u>	<u>65</u>	<u>4,917,622</u>	<u>67</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 9 and 29)	54,969	1	52,353	1
Property, plant and equipment (Notes 4, 14 and 31)	1,943,578	29	1,920,819	26
Right-of-use assets (Notes 4 and 15)	126,212	2	140,103	2
Intangible assets (Notes 4 and 16)	13,800	-	16,008	-
Deferred tax assets (Notes 4 and 25)	61,867	1	57,557	1
Other non-current assets (Notes 17 and 21)	143,790	2	248,988	3
Total non-current assets	<u>2,344,216</u>	<u>35</u>	<u>2,435,828</u>	<u>33</u>
TOTAL	<u>\$ 6,736,107</u>	<u>100</u>	<u>\$ 7,353,450</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 31)	\$ 104,432	2	\$ 105,036	1
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 29)	24	-	506	-
Contract liabilities (Note 23)	834	-	898	-
Notes payable	14	-	35,567	1
Accounts payable (Note 19)	211,052	3	174,532	2
Accounts payable - related parties (Note 30)	757	-	670	-
Other payables (Note 20)	632,628	10	840,513	12
Current tax liabilities (Notes 4 and 25)	79,567	1	136,871	2
Lease liabilities (Notes 4 and 15)	18,695	-	21,052	-
Other current liabilities	6,095	-	9,150	-
Total current liabilities	<u>1,054,098</u>	<u>16</u>	<u>1,324,795</u>	<u>18</u>
NON-CURRENT LIABILITIES				
Long-term borrowings, net of current portion (Notes 18 and 31)	400,000	6	400,000	6
Lease liabilities (Notes 4 and 15)	61,687	1	70,953	1
Net defined benefit liabilities (Notes 4 and 21)	8,936	-	11,281	-
Guarantee deposits received	12,563	-	12,539	-
Deferred tax liabilities (Notes 4 and 25)	292,463	4	224,824	3
Total non-current liabilities	<u>775,649</u>	<u>11</u>	<u>719,597</u>	<u>10</u>
Total liabilities	<u>1,829,747</u>	<u>27</u>	<u>2,044,392</u>	<u>28</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital	1,421,805	21	1,421,805	19
Capital surplus	1,227,638	18	1,227,638	17
Retained earnings				
Legal reserve	552,893	8	519,383	7
Special reserve	305,480	4	363,234	5
Unappropriated earnings	1,192,019	18	1,486,074	20
Total retained earnings	2,050,392	30	2,368,691	32
Other equity	(368,401)	(5)	(305,480)	(4)
Total equity attributable to owners of the Company	4,331,434	64	4,712,654	64
NON-CONTROLLING INTERESTS	574,926	9	596,404	8
Total equity	<u>4,906,360</u>	<u>73</u>	<u>5,309,058</u>	<u>72</u>
TOTAL	<u>\$ 6,736,107</u>	<u>100</u>	<u>\$ 7,353,450</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

# TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 30)	\$ 2,795,333	102	\$ 3,567,440	102
LESS: SALES RETURNS	1,059	-	940	-
SALES DISCOUNTS AND ALLOWANCES	<u>45,788</u>	<u>2</u>	<u>56,100</u>	<u>2</u>
NET OPERATING REVENUE	2,748,486	100	3,510,400	100
OPERATING COSTS				
Operating costs (Notes 11, 24 and 30)	<u>2,131,722</u>	<u>77</u>	<u>2,448,078</u>	<u>70</u>
GROSS PROFIT	<u>616,764</u>	<u>23</u>	<u>1,062,322</u>	<u>30</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing	125,958	5	138,260	4
General and administrative (Note 30)	288,678	10	335,625	9
Research and development	126,484	5	125,473	4
Expected credit loss	<u>-</u>	<u>-</u>	<u>2,976</u>	<u>-</u>
Total operating expenses	<u>541,120</u>	<u>20</u>	<u>602,334</u>	<u>17</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 24 and 30)	<u>6,158</u>	<u>-</u>	<u>46,240</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>81,802</u>	<u>3</u>	<u>506,228</u>	<u>14</u>
NON-OPERATING EXPENSES				
Interest income	57,849	2	52,372	1
Dividend income	3,504	-	2,147	-
Other income	6,926	-	6,792	-
Gain or loss on valuation of financial instruments	7,630	-	7,579	-
Foreign exchange gain (loss), net (Note 24)	1,934	-	(3,026)	-
Loss on disposals of investments	-	-	(4,946)	-
Other expenses	(613)	-	(1,018)	-
Impairment loss (Note 14)	(5,020)	-	(7,453)	-
Interest expense	<u>(16,992)</u>	<u>-</u>	<u>(15,096)</u>	<u>-</u>
Total non-operating expenses	<u>55,218</u>	<u>2</u>	<u>37,351</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	137,020	5	543,579	15
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(175,567)</u>	<u>(7)</u>	<u>(173,319)</u>	<u>(5)</u>
NET PROFIT (LOSS)	<u>(38,547)</u>	<u>(2)</u>	<u>370,260</u>	<u>10</u>

(Continued)

# TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 2,974	-	\$ 4,180	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,615	-	3,954	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(535)	-	(467)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation to the financial statements of foreign operations	<u>(63,240)</u>	<u>(2)</u>	<u>53,342</u>	<u>2</u>
Total other comprehensive income (loss)	<u>(58,186)</u>	<u>(2)</u>	<u>61,009</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (96,733)</u>	<u>(4)</u>	<u>\$ 431,269</u>	<u>12</u>
NET PROFIT (LOSS) ATTRIBUTED TO:				
Owners of the Company	\$ (36,026)	(2)	\$ 332,245	11
Non-controlling interests	<u>(2,521)</u>	<u>-</u>	<u>38,015</u>	<u>1</u>
	<u>\$ (38,547)</u>	<u>(2)</u>	<u>\$ 370,260</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTED TO:				
Owners of the Company	\$ (96,859)	(4)	\$ 391,780	11
Non-controlling interests	<u>126</u>	<u>-</u>	<u>39,489</u>	<u>1</u>
	<u>\$ (96,733)</u>	<u>(4)</u>	<u>\$ 431,269</u>	<u>12</u>
EARNINGS (LOSS) PER SHARE (Note 26)				
Basic	<u>\$ (0.25)</u>		<u>\$ 2.34</u>	
Diluted			<u>\$ 2.29</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Equity Attributable to Owners of the Company					Other Equity (Note 22)		Total	Non-controlling Interest (Note 22)	Total Equity
	Share Capital (Note 22)	Capital Surplus (Note 22)	Retained Earnings (Notes 4 and 22)			Exchange Differences on Translation to the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 1,421,805	\$ 1,227,748	\$ 474,706	\$ 345,319	\$ 1,541,236	\$ (376,556)	\$ 13,741	\$ 4,647,999	\$ 585,068	\$ 5,233,067
Appropriation of 2021 earnings										
Legal reserve	-	-	44,677	-	(44,677)	-	-	-	-	-
Special reserve	-	-	-	17,915	(17,915)	-	-	-	-	-
Cash dividends distributed by the Company (NT\$2.30 per share)	-	-	-	-	(327,015)	-	-	(327,015)	-	(327,015)
	-	-	44,677	17,915	(389,607)	-	-	(327,015)	-	(327,015)
Net profit for the year ended December 31, 2022	-	-	-	-	332,245	-	-	332,245	38,015	370,260
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	2,200	54,342	2,993	59,535	1,474	61,009
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	334,445	54,342	2,993	391,780	39,489	431,269
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(24,899)	(24,899)
Changes in percentage of ownership interests in subsidiaries	-	(110)	-	-	-	-	-	(110)	(3,254)	(3,364)
BALANCE AT DECEMBER 31, 2022	1,421,805	1,227,638	519,383	363,234	1,486,074	(322,214)	16,734	4,712,654	596,404	5,309,058
Appropriation of 2022 earnings										
Legal reserve	-	-	33,510	-	(33,510)	-	-	-	-	-
Special reserve	-	-	-	(57,754)	57,754	-	-	-	-	-
Cash dividends distributed by the Company (NT\$2.00 per share)	-	-	-	-	(284,361)	-	-	(284,361)	-	(284,361)
	-	-	33,510	(57,754)	(260,117)	-	-	(284,361)	-	(284,361)
Net loss for the year ended December 31, 2023	-	-	-	-	(36,026)	-	-	(36,026)	(2,521)	(38,547)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	2,088	(65,053)	2,132	(60,833)	2,647	(58,186)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(33,938)	(65,053)	2,132	(96,859)	126	(96,733)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(21,604)	(21,604)
BALANCE AT DECEMBER 31, 2023	\$ 1,421,805	\$ 1,227,638	\$ 552,893	\$ 305,480	\$ 1,192,019	\$ (387,267)	\$ 18,866	\$ 4,331,434	\$ 574,926	\$ 4,906,360

The accompanying notes are an integral part of the consolidated financial statements.



# TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 137,020	\$ 543,579
Adjustments for:		
Depreciation	374,950	346,177
Amortization	4,618	3,668
Expected credit loss recognized	-	2,976
Gain on valuation of financial instruments	(7,630)	(7,579)
Interest expense	16,992	15,096
Interest income	(57,849)	(52,372)
Dividend income	(3,504)	(2,147)
Gain on disposal of property, plant and equipment	(6,158)	(46,240)
Loss on disposal of investment	-	4,946
Impairment loss	5,020	7,453
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	4,598	14,953
Notes receivable	27,130	137,604
Accounts receivable	44,273	141,618
Accounts receivable - related parties	2,369	59,497
Other receivables	73,540	(41,017)
Inventories	100,682	(59,068)
Prepayments	3,105	15,379
Other current assets	432	8,885
Contract liabilities	(64)	634
Notes payable	(155)	(48)
Accounts payable	36,520	(125,922)
Accounts payable - related parties	87	(78)
Other payables	(161,715)	(22,356)
Other current liabilities	(3,055)	135
Net defined benefit liability	(1,425)	(1,421)
Cash generated from operations	589,781	944,352
Interest received	21,432	15,955
Interest paid	(16,990)	(14,958)
Income tax paid	(176,322)	(154,855)
Net cash generated from operating activities	417,901	790,494
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for financial assets at amortized cost	(882,019)	-
Proceeds from financial assets at fair value through profit or loss	22,120	541,039
Payments for property, plant and equipment (Note 27)	(374,522)	(638,073)
Proceeds from disposal of property, plant and equipment (Note 27)	15,902	77,635
Increase in refundable deposits	(2,333)	(854)
Payments for intangible assets	(2,426)	(6,077)

(Continued)

# TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in other non-current assets	\$ 642	\$ 4
Dividends received	<u>3,504</u>	<u>2,147</u>
Net cash used in investing activities	<u>(1,219,132)</u>	<u>(24,179)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net decrease in short-term borrowings	(604)	(42,427)
Repayments of long-term borrowings	-	(200,000)
Net increase in guarantee deposits received	24	694
Repayment of the principal portion of lease liabilities	(23,222)	(18,817)
Cash dividends paid	(284,361)	(327,015)
Changes in non-controlling interests	-	(3,364)
Dividends paid to non-controlling interests	<u>(21,604)</u>	<u>(24,899)</u>
Net cash used in financing activities	<u>(329,767)</u>	<u>(615,828)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(41,338)</u>	<u>40,631</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,172,336)	191,118
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>2,768,862</u>	<u>2,577,744</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 1,596,526</u>	<u>\$ 2,768,862</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

---

### 1. GENERAL INFORMATION

Topoint Technology Co., Ltd. (the “Company”) was incorporated in 1996. On May 10, 2000, the Securities and Futures Commission (SFC) approved the Company’s application to become a public company. Since December 21, 2004, the Company’s shares have been traded on the Taipei Exchange (TPEX). Later, when the Company’s shares ceased to be traded over the counter, the Company’s shares became listed on the Taiwan Stock Exchange (TWSE) in January 2008. The Company mainly manufactures and markets micro-drills for printed circuit boards (PCBs), numerically controlled drilling machines for PCBs and peripheral equipment used in the manufacture of PCB.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 27, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	January 1, 2023

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group is assessing the possible impact of the application of the above new, amended and revised standards and interpretations will not have material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **Statement of Compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **Basis of Preparation**

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values and the net defined benefit liability and the net defined benefit asset which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

##### **Classification of Current and Non-current Assets and Liabilities**

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within twelve months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

##### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the assets and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 13, Tables 5 and 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

### **Foreign Currencies**

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period, except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries' operations in other countries or currencies used different from the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

## **Inventories**

Inventories consist of raw materials, supplies, work in process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are stated at weighted-average cost on the balance sheet date.

## **Property, Plant and Equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

## **Intangible Assets**

Intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets acquired in a business combination are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

## **Impairment of Property, Plant and Equipment, Right-of-use Assets and Identifiable Intangible Assets**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## **Financial Instruments**

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### **a. Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

#### **1) Measurement category**

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

##### **a) Financial assets at FVTPL**

Financial assets at FVTPL are subsequently measured at fair value, any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

##### **b) Financial assets at amortized cost**

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and



- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

- iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

## 2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 360 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

### 3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

#### b. Financial liabilities

The Group derecognizes financial liabilities only when, the Group's obligations are discharged or canceled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

#### c. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

## Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

#### a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of micro-drill bits for PCBs and precision metal products. Sales of these goods are recognized as revenue when the goods are shipped because it is the time when the customer has full the discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable and revenue are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

b. Revenue from the rendering of services

Revenue from the rendering of services comes from testing of drill bits, mounting plate blot holes, manufacturing of metal products and purchasing equipment on behalf of other customers.

As the Group provides drill bits and mounting plate blot holes, customers simultaneously receive and consume the benefits provided by the Groups performance. Consequently, the related revenue is recognized when services are rendered.

For services in purchasing equipment on behalf of customers, the Group does not control the equipment before it is transferred to the customer. The Group neither is responsible for the customer's acceptance of the equipment nor commits itself to obtain the goods from the suppliers before the equipment is purchased by the customer and thus does not take on any inventory risk. Consequently, the Group is an agent and its performance obligation is to procure the equipment on behalf of the customer. The Group recognizes revenue in the net amount of consideration received or receivable when the equipment is transferred to the customer, and the Group has no further obligations to the customer.

## **Leasing**

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

## **Employee Benefits**

### **a. Short-term employee benefits**

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

### **b. Retirement benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

## **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

### **a. Current tax**

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### **b. Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies, estimates and underlying assumptions adopted by the Group have no critical accounting judgments and estimation uncertainty after evaluation by the management of the Group.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 1,379	\$ 1,332
Checking accounts and demand deposits	816,805	756,522
Cash equivalents		
Time deposits	<u>778,342</u>	<u>2,011,008</u>
	<u>\$ 1,596,526</u>	<u>\$ 2,768,862</u>

The market interest rate intervals of demand deposits and time deposits at the end of reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Demand deposits	0.001%-1.45%	0.001%-1.05%
Time deposits	0.80%-3.70%	0.85%-2.025%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Non-derivative financial assets		
Mutual funds	\$ 51,328	\$ 48,310
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts (a)	1,007	287
Hybrid financial assets		
Structured deposit (b)	<u>130,057</u>	<u>155,515</u>
	<u>\$ 182,392</u>	<u>\$ 204,112</u>

### Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts (a)	<u>\$ 24</u>	<u>\$ 506</u>

- a. At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2023</u>			
Sell	JPY/NTD	2024.01.23	JPY1,500/NTD333
Sell	JPY/NTD	2024.01.23	JPY3,370/NTD729
Sell	JPY/NTD	2024.02.23	JPY75/NTD16
Sell	JPY/NTD	2024.03.21	JPY750/NTD163
Sell	JPY/NTD	2024.03.21	JPY3,070/NTD661
Sell	JPY/NTD	2024.04.25	JPY2,818/NTD604
Sell	EUR/NTD	2024.01.25	EUR13/NTD434
Sell	EUR/NTD	2024.02.26	EUR13/NTD438
Sell	EUR/NTD	2024.03.26	EUR13/NTD436
Sell	USD/NTD	2024.01.05	USD212/NTD6,586
Sell	USD/NTD	2024.02.05	USD179/NTD5,604
Sell	USD/NTD	2024.02.05	USD90/NTD2,813
Sell	USD/NTD	2024.03.05	USD234/NTD7,379
Sell	USD/NTD	2024.03.05	USD94/NTD2,928
Sell	USD/NTD	2024.04.03	USD200/NTD6,333

(Continued)

	Currency	Maturity	Notional Amount (In Thousands)
Sell	USD/NTD	2024.04.03	USD39/NTD1,211
Sell	USD/NTD	2024.04.03	USD41/NTD1,255
Sell	USD/NTD	2024.05.06	USD199/NTD6,159
<u>December 31, 2022</u>			
Sell	JPY/NTD	2023.01.31	JPY356/NTD76
Sell	JPY/NTD	2023.02.23	JPY3,300/NTD718
Sell	JPY/NTD	2023.03.23	JPY338/NTD74
Sell	JPY/NTD	2023.04.25	JPY2,390/NTD535
Sell	EUR/NTD	2023.04.27	EUR65/NTD2,104
Sell	USD/NTD	2023.01.05	USD199/NTD6,070
Sell	USD/NTD	2023.02.03	USD380/NTD11,514
Sell	USD/NTD	2023.02.06	USD188/NTD5,715
Sell	USD/NTD	2023.02.07	USD130/NTD4,142
Sell	USD/NTD	2023.03.03	USD34/NTD1,037
Sell	USD/NTD	2023.03.06	USD430/NTD12,984
Sell	USD/NTD	2023.03.06	USD193/NTD5,849
Sell	USD/NTD	2023.03.07	USD100/NTD3,176
Sell	USD/NTD	2023.04.06	USD127/NTD3,858

(Concluded)

The Group entered into forward exchange contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The purpose of its financial hedging strategy is to avoid price volatility of primary markets.

- b. The Group entered into 61 days structured time deposit contract. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Time deposits with original maturities more than three months	\$ 882,019	\$ -

The market rate intervals of financial assets at amortized cost were as follows:

	<u>December 31</u>	
	2023	2022
Time deposits with original maturities more than three months	1.31%-4.125%	-

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Zhen Ding Technology Holding Limited	\$ 39,392	\$ 37,947
Unlisted shares		
Ordinary shares - Chipboard Technology Corporation	<u>15,577</u>	<u>14,406</u>
	<u>\$ 54,969</u>	<u>\$ 52,353</u>

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost	<u>\$ 51,180</u>	<u>\$ 78,310</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 796,864	\$ 844,079
Less: Allowance for impairment loss	<u>-</u>	<u>2,959</u>
	<u>\$ 796,864</u>	<u>\$ 841,120</u>
<u>Other receivables</u>		
Interest receivable	\$ 72,182	\$ 75,093
Purchase of equipment on other's behalf	11,743	16,461
Bank retention accounts	5,712	5,221
Others	<u>6,888</u>	<u>36,873</u>
	<u>\$ 96,525</u>	<u>\$ 133,648</u>

### a. Notes receivable

The average credit period of sales of goods is 90 to 120 days. In determining the recoverability of a note receivable, the Group considered any change in the credit quality of the note receivable since the date credit was initially granted to the end of the reporting period. The notes receivable that are past due recognized 100% allowance for bad debt. As of the reporting date, the Group had no notes receivables that were past due or impaired.



b. Accounts receivable

1) At amortized cost

The average credit period of sales of goods is from 90 to 150 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from default. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. The Group evaluates the prospect of recovery based on the past due days of accounts receivable and determine the credit losses with the respective risks of default occurring as the weights.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2023

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	120 to 180 Days	180 to 360 Days	Over 361 Days	Total
Expected credit loss rate	0%	0%	0%	-	-	-	-	
Gross carrying amount	\$ 778,703	\$ 17,894	\$ 267	\$ -	\$ -	\$ -	\$ -	\$ 796,864
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-	-
Amortized cost	<u>\$ 778,703</u>	<u>\$ 17,894</u>	<u>\$ 267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,864</u>

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	120 to 180 Days	180 to 360 Days	Over 361 Days	Total
Expected credit loss rate	0%	0%	-	-	-	-	100%	
Gross carrying amount	\$ 820,365	\$ 20,755	\$ -	\$ -	\$ -	\$ -	\$ 2,959	\$ 844,079
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	(2,959)	(2,959)
Amortized cost	<u>\$ 820,365</u>	<u>\$ 20,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 841,120</u>

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Balance at January 1	\$ 2,959	\$ -
Add: Impairment loss recognized	-	2,976
Less: Amounts written off	(2,969)	-
Foreign exchange gain (loss)	<u>10</u>	<u>(17)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 2,959</u>

## 2) At FVTPL

For accounts receivable from related parties, the Group will sell them to banks without recourse. The sale will result in derecognizing these trade receivables because the Group will transfer the significant risks and rewards relating to them. These trade receivables are classified as at FVTPL because the objective of the Group's business model is neither to collect contractual cash flows nor achieved by collecting contractual cash flows and selling financial assets.

Factored trade receivables for the years ended December 31, 2023 and 2022 were as follows:

### December 31, 2023

Counterparties	Receivables Sold	Receivables Sold at Year-end	Advances Received at Year-end	Not Yet Received as of Year-end	Retention	Interest Rates for Advances Received (%)	Credit Line
Mega International Commercial Bank	<u>\$ 168,601</u>	<u>\$ 57,060</u>	<u>\$ 51,348</u>	<u>\$ 7</u>	<u>\$ 5,705</u>	6.40	US\$ 3,000 thousand

### December 31, 2022

Counterparties	Receivables Sold	Receivables Sold at Year-end	Advances Received at Year-end	Not Yet Received as of Year-end	Retention	Interest Rates for Advances Received (%)	Credit Line
Mega International Commercial Bank	<u>\$ 164,224</u>	<u>\$ 47,116</u>	<u>\$ 41,895</u>	<u>\$ 566</u>	<u>\$ 4,655</u>	5.89	US\$ 3,000 thousand

The above credit line may be used on a revolving basis.

The above factored accounts receivable have not been received and the retention amounts were reclassified to other receivables - bank retention accounts.

## 3) Other receivables

The Group assesses other receivables for impairment when there is objective evidence of receivable being impaired.

As of the reporting date, the Group had no other receivables that were past due or impaired.

## 11. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 283,113	\$ 304,737
Raw materials	159,534	237,889
Supplies	136,250	131,668
Work in process	50,535	63,505
Merchandise	<u>17,191</u>	<u>9,214</u>
	<u>\$ 646,623</u>	<u>\$ 747,013</u>

The nature of cost of goods sold is as follows:

	December 31	
	2023	2022
Cost of inventories sold	\$ 2,117,036	\$ 2,431,779
Inventory write-downs and loss for market price	<u>14,686</u>	<u>16,299</u>
	<u>\$ 2,131,722</u>	<u>\$ 2,448,078</u>

## 12. PREPAYMENTS

	December 31	
	2023	2022
Prepayment for expense	\$ 13,536	\$ 13,009
Prepaid purchases	1,268	2,212
Prepaid value-added tax	<u>42</u>	<u>2,730</u>
	<u>\$ 14,846</u>	<u>\$ 17,951</u>

## 13. SUBSIDIARIES INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2023	2022	
Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. (B.V.I.)	International investment	100.00	100.00	
	Unipoint Technology Co., Ltd.	Processing print circuit board	61.76	61.76	
	Warpspeed Corporation (B.V.I.)	International trade	100.00	100.00	
	Topoint Japan Co., Ltd.	Selling electronic components	100.00	100.00	
	Unipoint Technology Holdings Co., Ltd. (B.V.I.)	International investment	100.00	100.00	
	Raypoint Precision Tools Co., Ltd.	International trade	100.00	100.00	
	Drilltek Corporation	Processing print circuit board	58.72	58.72	
	Cosmos Vacuum Technology Corporation	Vacuum coating and router bits	57.14	57.14	
	Topoint Technology (Thailand) Co., Ltd.	Selling and processing micro drill bits for electronic circuit board	99.80	-	Note 5

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2023	2022	
Topoint Technology Co., Ltd. (B.V.I.)	Shanghai Topoint Precision Technology Co., Ltd.	Manufacturing and selling precision equipment and measurement facilities	100.00	100.00	Note 1
	Sharpoint Technology (Qinhuangdao) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	100.00	Note 2
	Sharpoint Technology (Shenzhen) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	100.00	
	Sharpoint Technology (Suzhou) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	100.00	Note 3
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate blot holes	84.00	84.00	Note 4
Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Restek Technology Co., Ltd.	Manufacturing, processing and selling print circuit board	75.00	75.00	
	Kunshan Topoint Technology Co., Ltd.	Drilling bits	100.00	100.00	
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate blot holes	16.00	16.00	
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting tools	100.00	100.00	
	Shanghai Ringpoint Nano Material Co., Ltd.	Processing metal products	75.00	75.00	
Sharpoint Electronics (Huaian) Co., Ltd.	Winpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	100.00	
Sharpoint Technology (Qinhuangdao) Co., Ltd.	Sharpoint Electronics (Huangshi) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	-	Note 6
Unipoint Technology Co., Ltd.	Topmicron Investment Ltd.	International investment	100.00	100.00	
Cosmos Vacuum Technology Corporation	H&N Technology Co., Ltd.	International trade	100.00	100.00	
	Cosmos Integration Corp.	International investment	100.00	100.00	
Cosmos Integration Corp.	Universal Technology Corp.	International investment	100.00	100.00	
Universal Technology Corp.	Cosmos Electronic Technology (Kunshan) Co., Ltd.	Vacuum coating and router bits	100.00	100.00	

(Concluded)

Note 1: On June 17, 2023, the board of directors of Shanghai Topoint Precision Technology Co., Ltd. approved a cash distribution of RMB294,345 thousand, which was subsequently revised to RMB75,000 thousand by the board of directors to account for the subsequent operational capital requirements.

Note 2: On May 23, 2023, the board of directors of Sharpoint Technology (Qinhuangdao) Co., Ltd. approved an earnings distribution of RMB30,665 thousand.

Note 3: On May 26, 2023, the board of directors of Sharpoint Technology (Suzhou) Co., Ltd. approved an earnings distribution of RMB13,824 thousand.

Note 4: On June 17, 2023, the board of directors of Sharpoint Electronics (Huaian) Co., Ltd. approved an earnings distribution of RMB14,658 thousand.

Note 5: In July 2023, the parent company invested in and established Topoint Technology (Thailand) Co., Ltd.

Note 6: Sharpoint Technology (Qinhuangdao) Co., Ltd. Invested in and established Sharpoint Electronics (Huangshi) Co., Ltd. on November 28, 2023.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2023	2022
Unipoint Technology Co., Ltd.	Taoyuan City	38.24%	38.24%
Cosmos Vacuum Technology Co., Ltd.	New Taipei City	42.86%	42.86%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022 (Retrospectively Adjusted)	2023	2022
Unipoint Technology Co., Ltd.	\$ (5,868)	\$ 14,610	\$ 267,478	\$ 273,346
Cosmos Vacuum Technology Co., Ltd.	\$ (2,977)	\$ 1,142	\$ 181,839	\$ 193,467

The summarized financial information below represents the amounts before intragroup elimination and after consideration of acquisition premium amortization.

Unipoint Technology Co., Ltd. and Subsidiaries

	December 31	
	2023	2022
Current assets	\$ 517,346	\$ 565,414
Non-current assets	277,206	294,369
Current liabilities	(88,357)	(129,821)
Non-current liabilities	(6,724)	(15,143)
Equity	\$ 699,471	\$ 714,819
Equity attributable to:		
Owners of Unipoint Technology Co., Ltd.	\$ 431,993	\$ 441,473
Non-controlling interests of Unipoint Technology Co., Ltd.	267,478	273,346
	\$ 699,471	\$ 714,819
	<b>2023</b>	<b>2022</b>
Revenue	\$ 146,077	\$ 199,808
Profit (loss) for the year	\$ (15,348)	\$ 38,207
Profit (loss) attributable to:		
Owners of Unipoint Technology Co., Ltd.	\$ (9,480)	\$ 23,597
Non-controlling interests of Unipoint Technology Co., Ltd.	(5,868)	14,610
	\$ (15,348)	\$ 38,207

(Continued)

	2023	2022
Net cash inflow (outflow) from:		
Operating activities	\$ 36,089	\$ 60,618
Investing activities	(150,959)	(70,034)
Financing activities	<u>(9,969)</u>	<u>(9,526)</u>
Net cash outflow	<u>\$ (124,839)</u>	<u>\$ (18,942)</u>
Dividends paid to non-controlling interests of:		
Unipoint Technology Co., Ltd.	<u>\$ -</u>	<u>\$ -</u> (Concluded)

Cosmos Vacuum Technology Co., Ltd. and Subsidiaries

	December 31	
	2023	2022
Current assets	\$ 452,517	\$ 430,923
Non-current assets	108,242	117,866
Current liabilities	(130,436)	(95,408)
Non-current liabilities	<u>(6,061)</u>	<u>(9,751)</u>
Equity	<u>\$ 424,262</u>	<u>\$ 443,630</u>
Equity attributable to:		
Owners of Cosmos Vacuum Technology Co., Ltd.	\$ 242,423	\$ 250,163
Non-controlling interests of Cosmos Vacuum Technology Co., Ltd.	<u>181,839</u>	<u>193,467</u>
	<u>\$ 424,262</u>	<u>\$ 443,630</u>
	2023	2022
Revenue	<u>\$ 370,597</u>	<u>\$ 408,938</u>
Profit (loss) for the year	<u>\$ (6,945)</u>	<u>\$ 2,732</u>
Profit (loss) attributable to:		
Owners of Cosmos Vacuum Technology Co., Ltd.	\$ (3,968)	\$ 1,590
Non-controlling interests of Cosmos Vacuum Technology Co., Ltd.	<u>(2,977)</u>	<u>1,142</u>
	<u>\$ (6,945)</u>	<u>\$ 2,732</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 41,935	\$ 18,091
Investing activities	(32,518)	(14,438)
Financing activities	<u>(9,203)</u>	<u>(19,172)</u>
Net cash inflow (outflow)	<u>\$ 214</u>	<u>\$ (15,519)</u>
Dividends paid to non-controlling interests of:		
Cosmos Vacuum Technology Co., Ltd.	<u>\$ 3,945</u>	<u>\$ 16,681</u>

## 14. PROPERTY, PLANT AND EQUIPMENT

	December 31							
	2023				2022			
Assets used by the Group	\$ 1,943,578				\$ 1,920,819			
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment to Be Inspected or under Construction	Total
Cost								
Balance at January 1, 2023	\$ 75,652	\$ 852,534	\$ 6,539,958	\$ 25,512	\$ 15,973	\$ 403,962	\$ 107,783	\$ 8,021,374
Additions	-	1,085	344,287	6,282	2,684	43,439	4,118	401,895
Disposals	-	-	(39,219)	(5,120)	(700)	(1,917)	-	(46,956)
Reclassification	-	-	92,924	-	16	10,834	(103,774)	-
Effect of foreign currency exchange differences	-	(9,041)	(21,919)	(309)	(87)	(1,606)	259	(32,703)
Balance at December 31, 2023	<u>75,652</u>	<u>844,578</u>	<u>6,916,031</u>	<u>26,365</u>	<u>17,886</u>	<u>454,712</u>	<u>8,386</u>	<u>8,343,610</u>
Accumulated depreciation and impairment								
Balance at January 1, 2023	-	408,234	5,408,408	17,424	10,900	255,589	-	6,100,555
Depreciation expense	-	31,922	266,305	3,246	1,688	47,070	-	350,231
Impairment losses recognized	-	-	5,020	-	-	-	-	5,020
Disposals	-	-	(30,494)	(4,247)	(630)	(1,841)	-	(37,212)
Effect of foreign currency exchange differences	-	(3,949)	(13,683)	(138)	-	(792)	-	(18,562)
Balance at December 31, 2023	<u>-</u>	<u>436,207</u>	<u>5,635,556</u>	<u>16,285</u>	<u>11,958</u>	<u>300,026</u>	<u>-</u>	<u>6,400,032</u>
Carrying amount at December 31, 2023	<u>\$ 75,652</u>	<u>\$ 408,371</u>	<u>\$ 1,280,475</u>	<u>\$ 10,080</u>	<u>\$ 5,928</u>	<u>\$ 154,686</u>	<u>\$ 8,386</u>	<u>\$ 1,943,578</u>
Cost								
Balance at January 1, 2022	\$ 75,652	\$ 838,357	\$ 6,439,722	\$ 23,553	\$ 16,315	\$ 328,199	\$ 126,729	\$ 7,848,527
Additions	-	6,048	361,515	3,271	1,606	83,887	106,447	562,774
Disposals	-	-	(345,722)	(1,470)	(2,077)	(9,458)	-	(358,727)
Reclassification	-	-	124,109	-	-	724	(124,833)	-
Effect of foreign currency exchange differences	-	8,129	(39,666)	158	129	610	(560)	(31,200)
Balance at December 31, 2022	<u>75,652</u>	<u>852,534</u>	<u>6,539,958</u>	<u>25,512</u>	<u>15,973</u>	<u>403,962</u>	<u>107,783</u>	<u>8,021,374</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	-	373,703	5,511,255	15,723	11,550	228,638	-	6,140,869
Depreciation expense	-	31,948	256,864	2,724	1,235	33,356	-	326,127
Impairment losses recognized	-	-	7,453	-	-	-	-	7,453
Disposals	-	-	(317,358)	(1,115)	(1,940)	(6,919)	-	(327,332)
Effect of foreign currency exchange differences	-	2,583	(49,806)	92	55	514	-	(46,562)
Balance at December 31, 2022	<u>-</u>	<u>408,234</u>	<u>5,408,408</u>	<u>17,424</u>	<u>10,900</u>	<u>255,589</u>	<u>-</u>	<u>6,100,555</u>
Carrying amount at December 31, 2022	<u>\$ 75,652</u>	<u>\$ 444,300</u>	<u>\$ 1,131,550</u>	<u>\$ 8,088</u>	<u>\$ 5,073</u>	<u>\$ 148,373</u>	<u>\$ 107,783</u>	<u>\$ 1,920,819</u>

As a result of the consideration of the future operation plan and the existing production capacity, the Group has assessed that some of the drill bit supporting service equipment did not meet the production needs and the estimated recoverable amount was zero. Therefore, the impairment losses of \$5,020 thousand and \$7,453 thousand were recognized in non-operating expenses for the years ended December 31, 2023 and 2022, respectively.

The items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets:

Buildings	
Main buildings	10-50 years
Elevators	8-15 years
Decorating constructions	3-10 years
Machinery and equipment	3-10 years
Transportation equipment	3-5 years
Office equipment	3-5 years
Miscellaneous equipment	3-10 years

Refer to Note 31 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Land use right	\$ 46,078	\$ 48,108
Buildings	77,881	86,697
Transportation equipment	<u>2,253</u>	<u>5,298</u>
	<u>\$ 126,212</u>	<u>\$ 140,103</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 11,946</u>	<u>\$ 52,185</u>
Depreciation charge for right-of-use assets		
Land use right	\$ 1,244	\$ 1,247
Buildings	20,311	15,361
Transportation equipment	<u>3,164</u>	<u>3,442</u>
	<u>\$ 24,719</u>	<u>\$ 20,050</u>

Except for the addition and the depreciation expenses listed above there was no indication of impairment of the right-of-use assets and no significant sublease for the years ended December 31, 2023 and 2022, respectively.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Current	<u>\$ 18,695</u>	<u>\$ 21,052</u>
Non-current	<u>\$ 61,687</u>	<u>\$ 70,953</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Buildings	1.50%-4.75%	1.50%-4.75%
Transportation equipment	1.14%-4.75%	1.14%-4.75%



c. Material lease-in activities and terms

The Group leases certain transportation equipment with lease terms of 2 years. The Group does not have bargain purchase options to acquire transportation equipment at the end of the lease terms.

The Group also leases certain buildings for the use of plants, office spaces and dormitories with lease terms of 2 to 10 years. The Group does not have bargain purchase options to acquire transportation equipment at the end of the lease terms.

The land use right is amortized by the straight-line method over 49-50 years.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	\$ 130	\$ 828
Expenses relating to low-value asset leases	\$ 387	\$ 285
Total cash outflow for leases	\$ (25,478)	\$ (21,497)

The Group's leases of certain transportation equipment, buildings for the use of plants, office spaces and dormitories qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

## 16. INTANGIBLE ASSETS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying value for each classification</u>		
Computer software	\$ 5,422	\$ 7,630
Goodwill	<u>8,378</u>	<u>8,378</u>
	<u>\$ 13,800</u>	<u>\$ 16,008</u>

Movements in computer software and patents were as follows:

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2023	\$ 16,612
Additions	2,426
Effect of foreign currency exchange differences	<u>(58)</u>
Balance at December 31, 2023	<u>18,980</u>
	(Continued)

**Computer  
Software**

Accumulated amortization and impairment

Balance at January 1, 2023	\$ 8,982
Amortization expense	4,618
Effect of foreign currency exchange differences	<u>(42)</u>
Balance at December 31, 2023	<u>13,558</u>

Carrying amount at December 31, 2023	<u>\$ 5,422</u>
--------------------------------------	-----------------

Cost

Balance at January 1, 2022	\$ 11,785
Additions	6,077
Disposals	(1,321)
Effect of foreign currency exchange differences	<u>71</u>
Balance at December 31, 2022	<u>16,612</u>

Accumulated amortization and impairment

Balance at January 1, 2022	6,572
Amortization expense	3,668
Disposals	(1,321)
Effect of foreign currency exchange differences	<u>63</u>
Balance at December 31, 2022	<u>8,982</u>

Carrying amount at December 31, 2022	<u>\$ 7,630</u> (Concluded)
--------------------------------------	--------------------------------

No impairment assessment was performed for the years ended December 31, 2023 and 2022 since there was no indication of impairment.

The intangible assets are amortized on a straight-line basis over the following estimated useful lives of the assets:

Computer software	1-5 years
-------------------	-----------

**17. OTHER ASSETS**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Restricted deposits	\$ 7,084	\$ 7,017
Payment on behalf of others	909	787
Others	<u>144</u>	<u>765</u>
	<u>\$ 8,137</u>	<u>\$ 8,569</u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Prepayments for equipment	\$ 105,643	\$ 214,586
Refundable deposits	21,597	19,264
Long-term prepaid expenses	10,285	10,927
Net defined benefit asset (Note 21)	<u>6,265</u>	<u>4,211</u>
	<u>\$ 143,790</u>	<u>\$ 248,988</u>
		(Concluded)

The restricted deposits pledged as collateral are set out in Note 31.

## 18. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured borrowings	\$ 78,432	\$ 79,036
Secured borrowings (Note 31)	<u>26,000</u>	<u>26,000</u>
	<u>\$ 104,432</u>	<u>\$ 105,036</u>
Interest rate	2.15%-6.45%	1.75%-5.22%

### b. Long-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Unsecured borrowings</u>		
Syndicated borrowing - Mega International Commercial Bank, et al.	\$ 400,000	\$ 400,000
Less: Current portion	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 400,000</u>	<u>\$ 400,000</u>

Syndicated loan from Mega International Commercial Bank and other joint loans.: In December 2021, the Company obtained an unsecured borrowing of \$1,000,000 thousand for 7 years from a banking syndicate, which comprised Mega International Commercial Bank, Taiwan Cooperative Bank, Taipei Fubon Commercial Bank, Land Bank of Taiwan, Hua Nan Commercial Bank, E.SUN Bank, The Bank of East Asia, CTBC Bank and The Shanghai Commercial & Savings Bank, Ltd. The maximum term of loans shall not exceed 180 days, and the loan shall be repaid on the maturity date. According to the contract, the loan can be used on a revolving basis and does not need to go through a capital transfer process if the amount remains the same.

Related information as of December 31, 2023 and 2022 is as follow:

	<b>Credit Line</b>	<b>Amount to Be Paid</b>	<b>Interest Rate</b>	<b>Repayment</b>
<u>December 31, 2023</u>				
Unsecured borrowing	\$ 1,000,000	\$ 400,000	2.1604%	The credit line balance begins to diminish 60 months after the date the loan is obtained, and the credit line will diminish three times every 12 months. For the first and the second times, the credit line will diminish 10% of the total credit limit, and the remaining credit line balance will diminish on the third time. If the principal amount exceeds the diminishing credit line balance on certain dates, the Company should pay the bank lenders the excess amount.
<u>December 31, 2022</u>				
Unsecured borrowing	1,000,000	400,000	1.797%- 1.8589%	The credit line balance begins to diminish 60 months after the date the loan is obtained, and the credit line will diminish three times every 12 months. For the first and the second times, the credit line will diminish 10% of the total credit limit, and the remaining credit line balance will diminish on the third time. If the principal amount exceeds the diminishing credit line balance on certain dates, the Company should pay the bank lenders the excess amount.

Under the borrowing agreement, certain financial ratios (current ratio, debt to asset ratio, interest coverage and net tangible assets) based on audited annual and semiannual consolidated financial statements of the Company must be in accordance with the criteria stated in the agreements. As of December 31, 2023 and 2022, the Company had all met such criteria.

## 19. ACCOUNTS PAYABLE

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Accounts payable - operating	<u>\$ 211,052</u>	<u>\$ 174,532</u>

The average credit period for purchases was 90 to 150 days. The Group has established financial risk management policies to ensure that all payables are repaid within pre-agreed credit periods.

## 20. OTHER PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Accrued payroll and employee benefits	\$ 349,009	\$ 395,050
Compensation of employees and remuneration of directors and supervisors	107,675	164,852
Payable for purchase equipment	51,239	97,411
Payable for annual leave	13,305	13,695
Others	<u>111,400</u>	<u>169,505</u>
	<u>\$ 632,628</u>	<u>\$ 840,513</u>

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company, Unipoint Technology Co., Ltd., Drillteck Corporation and Cosmos Vacuum Technology Co., Ltd. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

There were no regular employees for Topoint Technology Co., Ltd. (B.V.I.), Warspeed Corporation (B.V.I.), Unipoint Technology Holdings Co., Ltd. (B.V.I.), Raypoint Precision Tools Co., Ltd., Topoint Japan Co., Ltd., Topmicron Investment Ltd., H&N Technology Co., Ltd., Cosmos Integration Corp., Universal Technology Corp. and Topoint Technology (Thailand) Co., Ltd.

Pension expenses for these defined contribution plans are classified under the following accounts:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	<u>\$ 37,241</u>	<u>\$ 38,142</u>
Operating expenses	<u>\$ 17,202</u>	<u>\$ 16,500</u>

b. Defined benefit plan

The defined benefit plan adopted by the Company, Drilltek Corporation and Cosmos Vacuum Technology Co., Ltd. in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund of the Company raised in accordance with the Labor Standards Act was sufficient. With the approval of the competent authority in April 2022, the contribution was suspended from May 2022 to April 2023. With the approval of the competent authority in April 2023, the contribution was suspended from May 2023 to April 2024. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>The Company</u>		
Present value of defined benefit obligation	\$ 26,636	\$ 27,993
Fair value of plan assets	<u>(32,901)</u>	<u>(32,204)</u>
Surplus	<u>\$ (6,265)</u>	<u>\$ (4,211)</u>
Net defined benefit asset	<u>\$ (6,265)</u>	<u>\$ (4,211)</u>
<u>Drilltek Corporation</u>		
Present value of defined benefit obligation	\$ 22,271	\$ 23,699
Fair value of plan assets	<u>(19,054)</u>	<u>(18,607)</u>
Deficit	<u>\$ 3,217</u>	<u>\$ 5,092</u>
Net defined benefit liability	<u>\$ 3,217</u>	<u>\$ 5,092</u>
<u>Cosmos Vacuum Technology Co., Ltd.</u>		
Present value of defined benefit obligation	\$ 19,619	\$ 19,535
Fair value of plan assets	<u>(13,900)</u>	<u>(13,346)</u>
Deficit	<u>\$ 5,719</u>	<u>\$ 6,189</u>
Net defined benefit liability	<u>\$ 5,719</u>	<u>\$ 6,189</u>

Movements in net defined benefit liability (asset) were as follows:

The Company

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2022	<u>\$ 28,830</u>	<u>\$ (32,865)</u>	<u>\$ (4,035)</u>
Net interest expenses (income)	<u>187</u>	<u>(213)</u>	<u>(26)</u>
Recognized in profit or loss	<u>187</u>	<u>(213)</u>	<u>(26)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,612)	(2,612)
Actuarial loss - changes in financial assumptions	2,053	-	2,053
Actuarial loss - experience adjustments	<u>409</u>	<u>-</u>	<u>409</u>
Recognized in other comprehensive income	<u>2,462</u>	<u>(2,612)</u>	<u>(150)</u>
Benefits paid	<u>(3,486)</u>	<u>3,486</u>	<u>-</u>
Balance at December 31, 2022	<u>27,993</u>	<u>(32,204)</u>	<u>(4,211)</u>
Net interest expenses (income)	<u>350</u>	<u>(403)</u>	<u>(53)</u>
Recognized in profit or loss	<u>350</u>	<u>(403)</u>	<u>(53)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(294)	(294)
Actuarial gain - experience adjustments	<u>(1,707)</u>	<u>-</u>	<u>(1,707)</u>
Recognized in other comprehensive income	<u>(1,707)</u>	<u>(294)</u>	<u>(2,001)</u>
Balance at December 31, 2023	<u>\$ 26,636</u>	<u>\$ (32,901)</u>	<u>\$ (6,265)</u>

Drilltek Corporation

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2022	<u>\$ 24,895</u>	<u>\$ (16,228)</u>	<u>\$ 8,667</u>
Service cost			
Current service cost	175	-	175
Net interest expenses (income)	<u>125</u>	<u>(128)</u>	<u>(3)</u>
Recognized in profit or loss	<u>300</u>	<u>(128)</u>	<u>172</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,191)	(1,191)
Actuarial gain - changes in financial assumptions	(552)	-	(552)
Actuarial gain - experience adjustments	<u>(439)</u>	<u>-</u>	<u>(439)</u>
Recognized in other comprehensive income	<u>(991)</u>	<u>(1,191)</u>	<u>(2,182)</u>
Contributions from employer	<u>-</u>	<u>(1,565)</u>	<u>(1,565)</u>
Benefits paid	<u>(505)</u>	<u>505</u>	<u>-</u>
Balance at December 31, 2022	<u>23,699</u>	<u>(18,607)</u>	<u>5,092</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Service cost			
Current service cost	\$ 172	\$ -	\$ 172
Net interest expenses (income)	<u>193</u>	<u>(242)</u>	<u>(49)</u>
Recognized in profit or loss	<u>365</u>	<u>(242)</u>	<u>123</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(154)	(154)
Actuarial gain - experience adjustments	<u>(520)</u>	<u>-</u>	<u>(520)</u>
Recognized in other comprehensive income	<u>(520)</u>	<u>(154)</u>	<u>(674)</u>
Contributions from employer	<u>-</u>	<u>(1,324)</u>	<u>(1,324)</u>
Benefits paid	<u>(1,273)</u>	<u>1,273</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 22,271</u>	<u>\$ (19,054)</u>	<u>\$ 3,217</u> (Concluded)

Cosmos Vacuum Technology Co., Ltd.

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2022	<u>\$ 20,264</u>	<u>\$ (12,225)</u>	<u>\$ 8,039</u>
Service cost			
Current service cost	192	-	192
Net interest expenses (income)	<u>125</u>	<u>(70)</u>	<u>55</u>
Recognized in profit or loss	<u>317</u>	<u>(70)</u>	<u>247</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(802)	(802)
Actuarial gain - changes in financial assumptions	<u>(559)</u>	<u>-</u>	<u>(559)</u>
Actuarial gain - experience adjustments	<u>(487)</u>	<u>-</u>	<u>(487)</u>
Recognized in other comprehensive income	<u>(1,046)</u>	<u>(802)</u>	<u>(1,848)</u>
Contributions from employer	<u>-</u>	<u>(249)</u>	<u>(249)</u>
Balance at December 31, 2022	<u>19,535</u>	<u>(13,346)</u>	<u>6,189</u>
Service cost			
Current service cost	112	-	112
Net interest expenses (income)	<u>185</u>	<u>(113)</u>	<u>72</u>
Recognized in profit or loss	<u>297</u>	<u>(113)</u>	<u>184</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(85)	(85)
Actuarial gain - changes in financial assumptions	<u>(260)</u>	<u>-</u>	<u>(260)</u>
Actuarial loss - experience adjustments	<u>47</u>	<u>-</u>	<u>47</u>
Recognized in other comprehensive income	<u>(213)</u>	<u>(85)</u>	<u>(298)</u>
Contributions from employer	<u>-</u>	<u>(356)</u>	<u>(356)</u>
Balance at December 31, 2023	<u>\$ 19,619</u>	<u>\$ (13,900)</u>	<u>\$ 5,719</u>



Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>The Company</u>		
Discount rate(s)	1.25%	1.25%
Expected rate(s) of salary increase	2.50%	2.50%
<u>Drilltek Corporation</u>		
Discount rate(s)	1.25%	1.25%
Expected rate(s) of salary increase	2.50%	2.50%
<u>Cosmos Vacuum Technology Co., Ltd.</u>		
Discount rate(s)	1.15%	1.20%
Expected rate(s) of salary increase	2.00%	2.00%

If possible reasonable change in each of the significant actuarial assumptions will occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>The Company</u>		
Discount rate(s)		
0.25% increase	\$ (487)	\$ (662)
0.25% decrease	\$ 502	\$ 688
Expected rate(s) of salary increase		
1.00% increase	\$ 2,060	\$ 2,857
1.00% decrease	\$ (1,857)	\$ (2,493)

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Drilltek Corporation</u>		
Discount rate(s)		
0.25% increase	\$ (168)	\$ (267)
0.25% decrease	\$ 172	\$ 276
Expected rate(s) of salary increase		
1.00% increase	\$ 699	\$ 1,146
1.00% decrease	\$ (649)	\$ (1,024)
<u>Cosmos Vacuum Technology Co., Ltd.</u>		
Discount rate(s)		
0.25% increase	\$ (229)	\$ (265)
0.25% decrease	\$ 237	\$ 275
Expected rate(s) of salary increase		
0.25% increase	\$ 234	\$ 272
0.25% decrease	\$ (228)	\$ (265)
		(Concluded)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>The Company</u>		
The expected contributions to the plan for the next year	\$ -	\$ -
The average duration of the defined benefit obligation	9.8 years	12.3 years
<u>Drilltek Corporation</u>		
The expected contributions to the plan for the next year	\$ 1,324	\$ 1,565
The average duration of the defined benefit obligation	8.9 years	12.7 years
<u>Cosmos Vacuum Technology Co., Ltd.</u>		
The expected contributions to the plan for the next year	\$ 754	\$ 414
The average duration of the defined benefit obligation	6 years	6 years

## 22. EQUITY

### a. Share capital - ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Registered shares (thousands)	300,000	300,000
Registered capital	\$ 3,000,000	\$ 3,000,000
Issued shares (thousands)	142,181	142,181
Issued capital	\$ 1,421,805	\$ 1,421,805

The par value of the issued ordinary shares is NT\$10. Each share entitles its holder to a right to vote and to receive dividends.

Of the authorized capital, a total of 30,000 thousand shares should be reserved for on employee share option plan, preference shares with warrant and bonds with warrant attached.

b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 1,190,843	\$ 1,190,843
Exercise of employee share options	8,992	8,992
Expiry of employee share options	8,408	8,408
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interest in subsidiaries (2)	<u>19,395</u>	<u>19,395</u>
	<u>\$ 1,227,638</u>	<u>\$ 1,227,638</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

The Group acquired the equity of Cosmos Vacuum Technology Co., Ltd. from non-controlling equity interest in June 2022, and the ownership interest increased from 56.39% to 57.14%, and decreased capital surplus - changes in percentage of ownership interest in subsidiaries by \$110 thousand.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses from previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. To distribute dividends and bonuses in cash, the board of directors is authorized to adopt a special resolution, and a report of such distribution should be submitted in the shareholders' meeting.

For the conditions on distribution of compensation of employees and remuneration of directors after amendment, refer to compensation of employees and remuneration of directors in Note 24, d.

To meet the requirements for present and future operational expansion and to satisfy the shareholders' need for cash inflow, the Company's dividend policy states that total dividends should be at least 20% of net income and cash dividends should be at least 10% of total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 approved in the shareholders' meetings on May 31, 2023 and June 9, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 33,510	\$ 44,677		
Special reserve (reverse)	(57,754)	17,915		
Cash dividends	284,361	327,015	\$2.00	\$2.30

The appropriation of cash dividends for 2022 was resolved by the Company's board of directors on February 20, 2023; the other proposed appropriation was resolved by the shareholders in their meeting on May 31, 2023.

The appropriation of earnings for 2023 was proposed by the Company's board of directors on February 27, 2024. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ -	
Special reserve	62,921	
Cash dividends	113,744	\$ 0.80

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 27, 2024.

d. Other equity items

Exchange differences on translation to the financial statements of foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) were reclassified to profit or loss on the disposal of the foreign operation.

Unrealized gain/(loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 16,734	\$ 13,741
Recognized for the year		
Unrealized gain	<u>2,132</u>	<u>2,993</u>
Balance at December 31	<u>\$ 18,866</u>	<u>\$ 16,734</u>

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 596,404	\$ 585,068
Attributable to non-controlling interests:		
Share of profit (loss) for the year	(2,521)	38,015
Exchange difference arising on translation of foreign entities	1,813	(1,000)
Unrealized gain (loss) of financial assets at PVT OCI	483	961
Remeasurement of defined benefit plans	351	1,693
Income taxes of defined benefit plans	-	(180)
Acquisition of non-controlling interests in Cosmos Vacuum Technology Co., Ltd.	-	(3,254)
Cash dividends to non-controlling interests	<u>(21,604)</u>	<u>(24,899)</u>
Balance at December 31	<u>\$ 574,926</u>	<u>\$ 596,404</u>

## 23. REVENUE

a. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Trade receivables (Note 10)	<u>\$ 51,180</u>	<u>\$ 78,310</u>	<u>\$ 215,914</u>
Accounts receivable (Note 10)	<u>\$ 796,864</u>	<u>\$ 841,120</u>	<u>\$ 985,697</u>
Accounts receivable - related parties (Note 30)	<u>\$ 111,035</u>	<u>\$ 113,404</u>	<u>\$ 172,901</u>
Contract liabilities			
Sale of goods	<u>\$ 834</u>	<u>\$ 898</u>	<u>\$ 264</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities and from the performance obligations which were satisfied in the previous periods are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
From the beginning contract liabilities		
Sale of goods	\$ <u>898</u>	\$ <u>264</u>

b. Disaggregation of revenue

Refer to Note 35 for information about disaggregation of revenue.

c. Partially completed contracts

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Sale of goods		
- in 2023	\$ -	\$ 898
- in 2024	<u>834</u>	<u>-</u>
	\$ <u>834</u>	\$ <u>898</u>

## 24. NET PROFIT

a. Depreciation, and amortization expenses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating costs	\$ 320,355	\$ 292,894
Operating expenses	<u>54,595</u>	<u>53,283</u>
	\$ <u>374,950</u>	\$ <u>346,177</u>
An analysis of amortization by function		
Operating costs	\$ 1,235	\$ 1,723
General and administrative expenses	<u>3,383</u>	<u>1,945</u>
	\$ <u>4,618</u>	\$ <u>3,668</u>

b. Other operating income and expenses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Gain on disposal of property, plant and equipment	\$ <u>6,158</u>	\$ <u>46,240</u>

c. Employee benefit expenses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefit (Note 21)		
Defined contribution plans	\$ 54,443	\$ 54,642
Defined benefit plans	<u>254</u>	<u>393</u>
	54,697	55,035
Payroll expenses	786,096	989,557
Labor and health insurance expenses	51,570	53,485
Other employee benefits	<u>22,074</u>	<u>27,721</u>
Total employee benefit expenses	<u>\$ 914,437</u>	<u>\$ 1,125,798</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 646,835	\$ 784,865
Operating expenses	<u>267,602</u>	<u>340,933</u>
	<u>\$ 914,437</u>	<u>\$ 1,125,798</u>

d. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates between 1% to 25% and no higher than 3%, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on February 27, 2024 and February 20, 2023, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	15.0%	15.0%
Remuneration of directors	2.5%	2.5%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 33,347	\$ 85,407
Remuneration of directors	5,558	14,234

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

- e. Gain or loss on foreign currency exchange (loss)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign currency exchange gains	\$ 27,076	\$ 51,504
Foreign currency exchange losses	<u>(25,142)</u>	<u>(54,530)</u>
Net gain (loss)	<u>\$ 1,934</u>	<u>\$ (3,026)</u>

## 25. INCOME TAXES

- a. Major components of tax expense recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current tax</u>		
In respect of the current year	\$ 138,736	\$ 227,101
Income tax on unappropriated earnings	6,002	3,688
Adjustments for prior year	<u>(26,833)</u>	<u>(16,883)</u>
	<u>117,905</u>	<u>213,906</u>
<u>Deferred tax</u>		
In respect of the current year	<u>57,662</u>	<u>(40,587)</u>
Income tax expense recognized in profit or loss	<u>\$ 175,567</u>	<u>\$ 173,319</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	<u>\$ 137,020</u>	<u>\$ 543,579</u>
Income tax expense calculated at the statutory rate	\$ 27,404	\$ 108,716
Nondeductible expenses in determining taxable income	10,707	1,672
Deferred tax effect of earnings of subsidiaries	121,122	86,581
Non-taxable income	(37,366)	(73,310)
Tax preference	(5,063)	(4,846)
Income tax on unappropriated earnings	6,002	3,688
Unrealized loss carryforwards	734	1,235
Effect of different tax rate of group entities operating in other jurisdictions	78,860	66,466
Adjustments for prior years' tax	<u>(26,833)</u>	<u>(16,883)</u>
Income tax expense recognized in profit or loss	<u>\$ 175,567</u>	<u>\$ 173,319</u>

The Income Tax Act in the ROC 20%. In addition, the rate of the corporate surtax applicable to unappropriated earnings was 5%. The applicable tax rate used by subsidiaries in China was 25%, except for the lower corporate tax rate of 15% enjoyed by Shanghai Topoint Precision Technology Co., Ltd. and Chengdu Raypoint Precision Tools Co., Ltd. as a high-technology enterprise.



Raypoint Precision Tools Co., Ltd., Warpspeed Corporation (B.V.I.), Topoint Technology Co., Ltd. (B.V.I.), Unipoint Technology Holdings Co., Ltd. (B.V.I.), Topmicron Investment Ltd., H&N Technology Co., Ltd., Cosmos Integration Corp., Universal Technology Corp. and Topoint Technology (Thailand) Co., Ltd. are tax-exempt under the tax laws.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	\$ 535	\$ 467
Total income tax recognized in other comprehensive income	<u>\$ 535</u>	<u>\$ 467</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax assets		
Tax refund receivable	\$ 5,744	\$ 4,633
Current tax liabilities		
Income tax payable	\$ 79,567	\$ 136,871

The balances of current tax liabilities on December 31, 2023 and 2022 are net amounts after deducting related prepaid tax.

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Difference</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
Temporary differences					
Deferred revenue	\$ 32,036	\$ (8,073)	\$ -	\$ -	\$ 23,963
Investment loss recognized under the equity method	7,475	983	-	(136)	8,322
Depreciation difference between financial accounting and taxation	1,262	8,373	-	(189)	9,446
Unpaid expense	1,329	65	-	(24)	1,370
Write-down of inventories	7,678	783	-	(39)	8,422
Loss carryforward	-	2,618	-	-	2,618
Others	7,777	55	(535)	429	7,726
	<u>\$ 57,557</u>	<u>\$ 4,804</u>	<u>\$ (535)</u>	<u>\$ 41</u>	<u>\$ 61,867</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
<u>Deferred tax liabilities</u>					
Temporary differences					
Property, plant and equipment	\$ 14,045	\$ (1,261)	\$ -	\$ -	\$ 12,784
Investment gain recognized under the equity method	209,483	63,178	-	636	273,297
Pension expenses difference between financial accounting and taxation	1,296	10	-	-	1,306
Others	-	539	-	4,537	5,076
	<u>\$ 224,824</u>	<u>\$ 62,466</u>	<u>\$ -</u>	<u>\$ 5,173</u>	<u>\$ 292,463</u>
					(Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Deferred revenue	\$ 24,045	\$ 7,991	\$ -	\$ -	\$ 32,036
Investment loss recognized under the equity method	5,386	2,089	-	-	7,475
Depreciation difference between financial accounting and taxation	1,259	139	-	(136)	1,262
Unpaid expense	-	1,337	-	(8)	1,329
Write-down of inventories	8,153	(485)	-	10	7,678
Others	8,166	512	(467)	(434)	7,777
	<u>\$ 47,009</u>	<u>\$ 11,583</u>	<u>\$ (467)</u>	<u>\$ (568)</u>	<u>\$ 57,557</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Property, plant and equipment	\$ 14,794	\$ (749)	\$ -	\$ -	\$ 14,045
Investment gain recognized under the equity method	213,636	(26,724)	-	22,571	209,483
Pension expenses difference between financial accounting and taxation	1,291	5	-	-	1,296
Others	1,514	(1,536)	-	22	-
	<u>\$ 231,235</u>	<u>\$ (29,004)</u>	<u>\$ -</u>	<u>\$ 22,593</u>	<u>\$ 224,824</u>

- e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2023
Loss carryforwards	
Expiry in 2024	\$ 83,987
Expiry in 2025	39,783
Expiry in 2026	24,007
Expiry in 2027	<u>34,173</u>
	<u>\$ 181,950</u>

f. Loss carryforwards as of December 31, 2023

Company Name	Unused Amount	Expiry Year
Chengdu Raypoint Precision Tools Co., Ltd.	\$ 11,952	2024
	5,967	2025
	3,601	2026
	<u>2,430</u>	2027
	23,950	
Cosmos Electronic Technology (Kunshan) Co., Ltd.	1,077	2024
	<u>4,494</u>	2027
	<u>\$ 29,521</u>	

g. Income tax assessments

Income tax returns of the Company, Unipoint Technology Co., Ltd., Drilltek Corporation and Cosmos Vacuum Technology Co., Ltd. through 2021 have been examined and cleared by the tax authorities.

## 26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding that were used in the computation of earnings per share were as follows:

### Net Profit (Loss) for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Profit (loss) for the year attributable to owners of the Company	<u>\$ (36,026)</u>	<u>\$ 332,245</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares in computation of basic earnings (loss) per share	<u>142,181</u>	142,181
Effect of potentially dilutive ordinary shares:		
Employee s' compensation issue to employees		<u>3,113</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share		<u>145,294</u>

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

As the Group generated net loss for the year ended December 31, 2023, diluted loss per share was not calculated due to the anti-dilutive effect.

## 27. PARTIAL CASH TRANSACTIONS

### a. Non-cash transaction

For the years ended December 31, 2023 and 2022, the Group entered into the following partial cash investing activities, which were not reflected in the consolidated statements of cash flows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash paid for property, plant and equipment acquisition		
Increase in property, plant and equipment	\$ 401,895	\$ 562,774
Net change in prepayments for equipment	(108,943)	104,594
Net change in payable for purchase of equipment	<u>81,570</u>	<u>(29,295)</u>
Cash paid	<u>\$ 374,522</u>	<u>\$ 638,073</u>
Cash received from property, plant and equipment acquisition		
Disposal of property, plant and equipment	\$ 9,744	\$ 31,395
Net gain on disposal of property, plant and equipment	<u>6,158</u>	<u>46,240</u>
Cash receive	<u>\$ 15,902</u>	<u>\$ 77,635</u>

### b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>			<b>Closing Balance</b>
			<b>New Leases</b>	<b>Disposals</b>	<b>Foreign Exchange</b>	
Short-term borrowings	\$ 105,036	\$ (604)	\$ -	\$ -	\$ -	\$ 104,432
Long-term borrowings	400,000	-	-	-	-	400,000
Guarantee deposits received	12,539	24	-	-	-	12,563
Lease liabilities	<u>92,005</u>	<u>(23,222)</u>	<u>11,946</u>	<u>(157)</u>	<u>(190)</u>	<u>80,382</u>
	<u>\$ 609,580</u>	<u>\$ (23,802)</u>	<u>\$ 11,946</u>	<u>\$ (157)</u>	<u>\$ (190)</u>	<u>\$ 597,377</u>

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>			<b>Closing Balance</b>
			<b>New Leases</b>	<b>Disposals</b>	<b>Foreign Exchange</b>	
Short-term borrowings	\$ 147,463	\$ (42,427)	\$ -	\$ -	\$ -	\$ 105,036
Long-term borrowings	600,000	(200,000)	-	-	-	400,000
Guarantee deposits received	11,845	694	-	-	-	12,539
Lease liabilities	<u>58,638</u>	<u>(18,817)</u>	<u>52,185</u>	<u>(14)</u>	<u>13</u>	<u>92,005</u>
	<u>\$ 817,946</u>	<u>\$ (260,550)</u>	<u>\$ 52,185</u>	<u>\$ (14)</u>	<u>\$ 13</u>	<u>\$ 609,580</u>

## 28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

## 29. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values (or their fair values cannot be reliably measured).

### b. Fair value of financial instruments that are measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 1,007	\$ -	\$ 1,007
Mutual funds	51,328	-	-	51,328
Structured deposit	-	130,057	-	130,057
Accounts receivable - related parties	-	-	17,582	17,582
Other receivables	-	-	5,712	5,712
	<u>\$ 51,328</u>	<u>\$ 131,064</u>	<u>\$ 23,294</u>	<u>\$ 205,686</u>

Financial assets at FVTOCI

Listed shares	\$ 39,392	\$ -	\$ -	\$ 39,392
Unlisted shares	-	-	15,577	15,577
	<u>\$ 39,392</u>	<u>\$ -</u>	<u>\$ 15,577</u>	<u>\$ 54,969</u>

Financial liabilities at FVTPL

Derivative financial instrument	\$ -	\$ 24	\$ -	\$ 24
---------------------------------	------	-------	------	-------

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 287	\$ -	\$ 287
Mutual funds	48,310	-	-	48,310
Structured deposit	-	155,515	-	155,515
Accounts receivable - related parties	-	-	14,140	14,140
Other receivables	-	-	5,221	5,221
	<u>\$ 48,310</u>	<u>\$ 155,802</u>	<u>\$ 19,361</u>	<u>\$ 223,473</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Listed shares	\$ 37,947	\$ -	\$ -	\$ 37,947
Unlisted shares	<u>-</u>	<u>-</u>	<u>14,406</u>	<u>14,406</u>
	<u>\$ 37,947</u>	<u>\$ -</u>	<u>\$ 14,406</u>	<u>\$ 52,353</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial instrument	<u>\$ -</u>	<u>\$ 506</u>	<u>\$ -</u>	<u>\$ 506</u> (Concluded)

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTPL Debt Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2023	\$ 19,361	\$ 14,406	\$ 33,767
Acquisition of subsidiaries			
Recognized in unrealized gain (loss) on financial assets at FVTOCI	-	1,171	1,171
Purchases	186,183	-	186,183
Settlements	<u>(182,250)</u>	<u>-</u>	<u>(182,250)</u>
Balance at December 31, 2023	<u>\$ 23,294</u>	<u>\$ 15,577</u>	<u>\$ 38,871</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL Debt Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2022	\$ 16,053	\$ 12,079	\$ 28,132
Acquisition of subsidiaries			
Recognized in unrealized gain (loss) on financial assets at FVTOCI	-	2,327	2,327
Purchases	178,364	-	178,364
Settlements	<u>(175,056)</u>	<u>-</u>	<u>(175,056)</u>
Balance at December 31, 2022	<u>\$ 19,361</u>	<u>\$ 14,406</u>	<u>\$ 33,767</u>

### 3) Valuation techniques and assumption applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- a) The fair values of mutual funds and listed shares are determined at their net asset value and closing price at the end of the reporting period.
- b) Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. The use of estimates and hypotheses of valuation method entity in the Group adopt is in consistent with the market participants, when pricing such financial instruments.
- c) For accounts receivable - related parties and part of other receivables that are measured at FVTPL, the fair value is measured according to the original invoice amount and the effect of discounting is immaterial.
- d) Structured deposits are measured using discounted cash flows. Future cash flows are estimated based on contract forward rates, discounted at a rate that reflects the credit risk.
- e) The unlisted equity investment is evaluated using asset-based approach and discounted cash flow method to calculate the present value of expected gain on investment.

Under the asset-based approach, the total value of an investment is based on the fair value of its assets and liabilities. The significant unobservable inputs used are listed in the table below.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount for lack of marketability	10%	10%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount for lack of marketability		
5% increase	\$ (770)	\$ (769)
5% decrease	\$ 770	\$ 769

#### c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 205,686	\$ 223,473
Financial assets at amortized cost (Note 1)	3,510,855	3,915,983
Financial assets at FVTOCI	54,969	52,353
		(Continued)

	December 31	
	2023	2022
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 24	\$ 506
Amortized cost (Note 2)	767,910	813,630
		(Concluded)

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, part of accounts receivable - related parties and part of other receivables.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payables, accounts payable - related parties, part of other payables and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payables, borrowings and lease liabilities. The Group's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 13% of the Group's sales were denominated in currencies other than the functional currency of the entity in the Group making the sale, while almost 8% of costs were denominated in the functional currency of the entity in the Group.

The carrying amounts of the Group's foreign currency denominated monetary assets, monetary liabilities (including those eliminated on consolidation) and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Notes 7 and 33.

Sensitivity analysis

The Group was mainly exposed to U.S. dollars, Korea won, Japanese yen, and Euros.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow



hedges and their adjusted translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with New Taiwan dollars strengthen 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	U.S. Dollars				Japanese Yen	
	USD:NTD		USD:RMB		JPY:NTD	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022	2023	2022
Profit (loss)	\$ (651)	\$ (732)	\$ 171	\$ 48	\$ (10)	\$ (8)

	Euros		Euros	
	EUR:RMB		EUR:RMB	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit (loss)	\$ (66)	\$ (81)	\$ (147)	\$ -

This was mainly attributable to the exposure outstanding on U.S. dollars, Japanese yen and Euros cash in the bank, bank loans, receivables and payables.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risks at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 1,668,904	\$ 2,024,426
Financial liabilities	80,382	92,005
Cash flows interest rate risk		
Financial assets	817,360	750,121
Financial liabilities	504,432	536,687

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax loss for the year ended December 31, 2023 would have decreased/increased by \$782 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits and variable-rate borrowings.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the year ended December 31, 2022 would have increased/decreased by \$613 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits and variable-rate borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes, the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If the fund's value had been 5% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have been increased/decreased by \$2,566 thousand and \$2,416 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$2,748 thousand and \$2,618 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation, is primary from the book value of its financial assets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's concentration of credit risk of 37.65% and 36.75% in total trade receivables as of December 31, 2023 and 2022, respectively, were related to the Group's five largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. As of December 31, 2023 and 2022, the available borrowing facilities were \$1,585,295 thousand and \$1,634,132 thousand, respectively.

The Group manages liquidity risk by maintaining adequate bank balance and banking facilities, and continuously monitoring forecast and actual cash flows as well as the maturity profiles of financial assets and liabilities.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The Group's noninterest-bearing liabilities pertaining on non-derivative financial liabilities are paid in succession within one year.

The following table details the Group's remaining maturity for its borrowings with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 25,751	\$ 31,649	\$ 47,032	\$ 400,000	\$ -
Lease liabilities	<u>2,100</u>	<u>5,266</u>	<u>14,826</u>	<u>58,665</u>	<u>6,702</u>
	<u>\$ 27,851</u>	<u>\$ 36,915</u>	<u>\$ 61,858</u>	<u>\$ 458,665</u>	<u>\$ 6,702</u>

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 13,690	\$ 75,346	\$ 16,000	\$ 400,000	\$ -
Lease liabilities	<u>1,930</u>	<u>5,617</u>	<u>15,224</u>	<u>61,361</u>	<u>13,404</u>
	<u>\$ 15,620</u>	<u>\$ 80,963</u>	<u>\$ 31,224</u>	<u>\$ 461,361</u>	<u>\$ 13,404</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ 8,082	\$ 20,439	\$ 15,562	\$ -
Outflows	<u>(8,004)</u>	<u>(19,950)</u>	<u>(15,146)</u>	<u>-</u>
	<u>\$ 78</u>	<u>\$ 489</u>	<u>\$ 416</u>	<u>\$ -</u>

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ 6,146	\$ 45,208	\$ 6,497	\$ -
Outflows	<u>(6,196)</u>	<u>(45,337)</u>	<u>(6,536)</u>	<u>-</u>
	<u>\$ (50)</u>	<u>\$ (129)</u>	<u>\$ (39)</u>	<u>\$ -</u>

e. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2023 and 2022. Refer to Note 10.

### 30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, and details of transactions are disclosed below.

a. The Group's related parties

<b>Related Party</b>	<b>Relationship with the Group</b>
Other related parties	
Unimicron Technology Corporation	The parent company of the equity-method investor of Unipoint Technology Co., Ltd.
Unimicron Technology (Shenzhen) Corp.	Investee of Unimicron Technology Corporation
Unimicron Technology (Kunshan) Corp.	Investee of Unimicron Technology Corporation
Unimicron Technology (FPC) Corp.	Investee of Unimicron Technology Corporation
Unimicron Technology (Suzhou) Corp.	Investee of Unimicron Technology Corporation
Unimicron-Carrier Technology (Huangshi) Inc.	Subsidiary of Unimicron Technology Corporation
Unimicron Technology (Huangshi) Corp.	Subsidiary of Unimicron Technology Corporation
Qun Hong Technology Inc.	Subsidiary of Unimicron Technology Corporation
Key management personnel	
Macking International Investment Corporation	Director of the Company

b. Operating revenue

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Other related parties		
Unimicron Technology Corporation	\$ 313,595	\$ 400,669
Others	<u>52,223</u>	<u>57,716</u>
	<u>\$ 365,818</u>	<u>\$ 458,385</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Other related parties	\$ <u>6,966</u>	\$ <u>6,048</u>

The sales prices and payment terms to related parties were not significantly different from those sales to third parties. For other related party transactions, price and terms were determined in accordance with mutual agreements.

d. General and administrative - service fees

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Key management personnel		
Macking International Investment Corporation	\$ <u>466</u>	\$ <u>2,800</u>

The Group paid for the consulting fee to Macking International Investment Corporation.

e. Receivables from related parties

Related Party Category/Name	December 31	
	2023	2022
<u>Accounts receivable</u>		
Other related parties		
Unimicron Technology Corporation	\$ 83,173	\$ 95,289
Others	<u>27,862</u>	<u>18,115</u>
	<u>\$ 111,035</u>	<u>\$ 113,404</u>

The accounts receivable from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for accounts receivables from related parties.

f. Payables to related parties

Related Party Category/Name	December 31	
	2023	2022
Other related parties	\$ <u>757</u>	\$ <u>670</u>

The accounts payable to related parties are unsecured.

g. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31	December 31	December 31	December 31
	2023	2022	2023	2022
Other related parties				
Unimicron Technology Corporation	\$ <u>-</u>	\$ <u>35,540</u>	\$ <u>-</u>	\$ <u>29,812</u>

h. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 26,113	\$ 40,024
Post-employment benefits	<u>108</u>	<u>108</u>
	<u>\$ 26,221</u>	<u>\$ 40,132</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral and the future facilities for bank borrowings:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 146,666	\$ 151,197
Restricted deposits	<u>7,084</u>	<u>7,017</u>
	<u>\$ 153,750</u>	<u>\$ 158,214</u>

### 32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,400	30.705 (USD:NTD)	\$ 227,230
USD	254	7.0827 (USD:RMB)	7,786
KRW	250	0.0239 (KRW:NTD)	6
JPY	159,341	0.2172 (JPY:NTD)	34,609
EUR	193	7.8381 (EUR:RMB)	6,572
EUR	501	33.98 (EUR:NTD)	17,022
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 5,280	30.705 (USD:NTD)	\$ 162,128
USD	810	7.0827 (USD:RMB)	24,873
JPY	143,323	0.2172 (JPY:NTD)	31,130
EUR	68	33.98 (EUR:NTD)	2,325
			(Concluded)

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,543	30.710 (USD:NTD)	\$ 231,647
USD	21	6.9646 (USD:RMB)	646
KRW	1,322	0.0246 (KRW:NTD)	32
JPY	153,558	0.2324 (JPY:NTD)	35,687
EUR	248	7.4229 (EUR:RMB)	8,101

Financial liabilities

Monetary items			
USD	5,159	30.710 (USD:NTD)	158,440
USD	179	6.9646 (USD:RMB)	5,485
JPY	143,575	0.2324 (JPY:NTD)	33,367

For the years ended December 31, 2023 and 2022, (realized and unrealized) net foreign exchange gains (losses) were \$1,934 thousand and \$(3,026) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign functional currency transactions and currencies of the Group entities.

### 34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
  - 9) Trading in derivative instruments: Notes 7 and 29
  - 10) Intercompany relationships and significant intercompany transactions: Table 8
  - 11) Information on investees (excluding investees in mainland China): Table 5
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 7
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 7
    - c) The amount of property transactions and the amount of the resultant gains or losses: None
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None
  - 3) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None



### 35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on regional operating performance. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows: Taiwan area, mainland China area and other areas. These segments mainly process PCBs and design, manufacture and sell related cutting equipment.

#### a. Segment revenues and results

The following was an analysis of the Group's revenue and results from operations by reportable segment.

	Taiwan	Mainland China	Others	Elimination	Total
For the year ended <u>December 31, 2023</u>					
Revenues from external customers	<u>\$ 1,262,053</u>	<u>\$ 1,467,713</u>	<u>\$ 18,720</u>	<u>\$ -</u>	<u>\$ 2,748,486</u>
Intersegment revenues	<u>\$ 298,275</u>	<u>\$ 9,912</u>	<u>\$ -</u>	<u>\$ (308,187)</u>	<u>\$ -</u>
Segment income (loss)	<u>\$ (5,418)</u>	<u>\$ 119,604</u>	<u>\$ (4,495)</u>	<u>\$ 27,329</u>	<u>\$ 137,020</u>
For the year ended <u>December 31, 2022</u>					
Revenues from external customers	<u>\$ 1,628,373</u>	<u>\$ 1,856,680</u>	<u>\$ 25,347</u>	<u>\$ -</u>	<u>\$ 3,510,400</u>
Intersegment revenues	<u>\$ 349,324</u>	<u>\$ 13,491</u>	<u>\$ -</u>	<u>\$ (362,815)</u>	<u>\$ -</u>
Segment income (loss)	<u>\$ 213,341</u>	<u>\$ 319,577</u>	<u>\$ 1,554</u>	<u>\$ 9,107</u>	<u>\$ 543,579</u>

#### b. Segment total assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Taiwan	\$ 3,218,581	\$ 3,262,771
Mainland China	3,504,347	4,073,309
Others	<u>13,179</u>	<u>17,370</u>
Consolidated total assets	<u>\$ 6,736,107</u>	<u>\$ 7,353,450</u>

#### c. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Precision metal products and processing services	\$ 2,694,367	\$ 3,411,719
Others	<u>54,119</u>	<u>98,681</u>
	<u>\$ 2,748,486</u>	<u>\$ 3,510,400</u>

d. Geographical information

The Group operates in two principal geographical areas - Taiwan and mainland China.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Taiwan	\$ 1,009,952	\$ 1,295,998	\$ 1,242,676	\$ 1,267,329
Mainland China	1,603,828	2,004,983	995,593	1,108,854
Others	<u>134,706</u>	<u>209,419</u>	<u>44,080</u>	<u>2,088</u>
	<u>\$ 2,748,486</u>	<u>\$ 3,510,400</u>	<u>\$ 2,282,349</u>	<u>\$ 2,378,271</u>

Non-current assets exclude deferred tax assets.

e. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Customer A from Mainland China	\$ 359,757	\$ 441,530
Customer B from Taiwan	313,595	400,675
Customer C from Taiwan	<u>275,549</u>	<u>-</u>
	<u>\$ 948,901</u>	<u>\$ 842,205</u>

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 2)	Ending Balance (Note 2)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits	Note
													Item	Value			
1	Topoint Technology Co., Ltd. (B.V.I.)	Topoint Japan Co., Ltd.	Other receivables	Yes	\$ 11,946 (JPY 55,000 thousand)	\$ 11,946 (JPY 55,000 thousand)	\$ 11,946 (JPY 55,000 thousand)	0.60	Short-term financing	\$ -	Operating turnover	\$ -	-	\$ -	\$ 4,331,434 (Note 1)	\$ 4,331,434 (Note 1)	
3	Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Topoint Technology Co., Ltd.	Other receivables	Yes	86,704 (RMB 20,000 thousand)	86,704 (RMB 20,000 thousand)	86,704 (RMB 20,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	4,331,434 (Note 1)	4,331,434 (Note 1)	
		Chengdu Raypoint Precision Tools Co., Ltd.	Other receivables	Yes	4,335 (RMB 1,000 thousand)	4,335 (RMB 1,000 thousand)	1,301 (RMB 300 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	4,331,434 (Note 1)	4,331,434 (Note 1)	
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	Other receivables	Yes	130,056 (RMB 30,000 thousand)	130,056 (RMB 30,000 thousand)	108,380 (RMB 25,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	4,331,434 (Note 1)	4,331,434 (Note 1)	

Note 1: The maximum financing allowed for a foreign company in which the lender directly and indirectly held 100% voting shares of is limited to the net value of the lender as of December 31, 2023.

Note 2: The maximum balance for the period and ending balances were approved by the board of directors.

Note 3: Eliminated from the consolidated financial statements.

TABLE 2

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. (B.V.I.)	b.	\$ 2,598,860 (Note 2)	\$ 92,115 (US\$ 3,000 thousand)	\$ 92,115 (US\$ 3,000 thousand)	\$ -	\$ -	2	\$ 4,331,434 (Note 2)	Y	-	-	Note 6

Note 1: Relationships between the endorsement/guarantee provider and the guaranteed party:

- a. The Company in relation to business.
- b. A company in which endorsement/guarantee provider holds directly and indirectly over 50% of voting shares.
- c. A company holds directly and indirectly over 50% voting shares of endorsement/guarantee provider.
- d. A company directly and indirectly holds more than 90% voting shares of endorsement/guarantee provider.
- e. Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.
- f. Owing to the joint venture funded by the shareholders on its endorsement of its holding company.
- g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The maximum of total endorsement/guarantee provided is limited to the net value of the Company as of December 31, 2023. The maximum endorsement/guarantee provided for a single party is limited to 60% of the net value of the Company as of December 31, 2023.

Note 3: The rate is calculated in accordance with the financial statements of the endorsement/guarantee provider.

Note 4: The maximum balance for the period and ending balance were approved by the board of directors.

Note 5: Indicate “Y” if the endorsement/guarantee is given by parent on behalf of subsidiaries, gain by subsidiaries on behalf of parent or given on behalf of companies in mainland China.

Note 6: Topoint Technology Co., Ltd. provides endorsement guarantee to Topoint Technology Co., Ltd. (B.V.I.) for short-term operating turnover purpose.

**TABLE 3**

**TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
Topoint Technology Co., Ltd. (the “Company”)	<u>Shares</u> Zhen Ding Technology Holding Limited	-	Financial assets at fair value through other comprehensive income (FVTOCI)	363,000	\$ 39,392	0.40	\$ 39,392	Note 2
Unipoint Technology Co., Ltd.	<u>Share certificates</u> Allianz Global Investors All Seasons Harvest Fund of Bond Funds	-	Financial assets at fair value through profit or loss (FVTPL)	2,038,470	25,938	-	25,938	Note 1
	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss (FVTPL)	1,645,614	25,390	-	25,390	Note 1
	<u>Shares</u> Chipboard Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	663,000	15,577	7.73	15,577	Note 2

Note 1: The fair value of the financial assets at FVTPL was calculated at the net assets value of the mutual fund on December 31, 2023.

Note 2: The fair value of listed shares of the financial assets at FVTOCI was calculated on the closing price of the shares as of December 31, 2023. If there is no market for unlisted shares, the estimated market value is assessed based on the fair value evaluation method.

Note 3: For the information of the investment in subsidiaries, refer to Tables 4 and 5.

**TABLE 4**

**TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 1)	
Raypoint Precision Tools Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd.	Sales	\$ 103,235	100	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	\$ 19,686	100	Note 2
Shanghai Topoint Precision Technology Co., Ltd.	Raypoint Precision Tools Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd.	Purchase	103,235	24	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(19,686)	11	Note 2
	Sharpoint Electronics (Huaian) Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd.	Sales	135,154	13	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	37,587	5	Note 2
Sharpoint Electronics (Huaian) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd.	Purchase	135,154	66	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(37,587)	71	Note 2

Note 1: The rate is calculated in accordance with individual financial statements of the companies.

Note 2: Eliminated from the consolidated financial statements.

**TABLE 5**

**TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEs ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Notes 7 and 8)
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount (Notes 7 and 8)		
Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. (B.V.I.)	British Virgin Islands	International investment	\$ 1,772,629	\$ 1,772,629	7,194	100.00	\$ 2,994,103	\$ 131,846	\$ 132,047 (Note 1)
	Unipoint Technology Co., Ltd.	Republic of China	Processing print circuit board	305,299	305,299	30,696,297	61.76	425,307	(15,348)	(9,224) (Note 2)
	Warspeed Corporation (B.V.I.)	British Virgin Islands	International trade	1,569	1,569	50,000	100.00	1,759	1,067	1,067
	Topoint Japan Co., Ltd.	Japan	Selling electronic components	7,667	7,667	600	100.00	(4,347)	(4,423)	(4,423)
	Unipoint Technology Holdings Co., Ltd. (B.V.I.)	British Virgin Islands	International investment	-	-	-	100.00	14	-	-
	Raypoint Precision Tools Co., Ltd.	Republic of Seychelles	International trade	1,511	1,511	50,000	100.00	1,505	(37)	(37)
	Drilltek Corporation	Republic of China	Processing print circuit board	123,482	123,482	7,692,816	58.72	142,198	10,595	4,548 (Note 3)
	Cosmos Vacuum Technology Corporation	Republic of China	Vacuum coating and router bits	278,644	278,644	21,909,063	57.14	254,648	(6,945)	(5,756) (Note 4)
Unipoint Technology Co., Ltd.	Topoint Technology (Thailand) Co., Ltd.	Thailand	Selling and processing micro drill bits for electronic circuit board	199,866	-	21,776,000	99.80	196,741	(6)	(6)
	Topmicron Investment Ltd.	Independent state of Samoa	International investment	-	-		100.00	5	-	-
Cosmos Vacuum Technology Corporation	H&N Technology Co., Ltd.	St. Kittsst Nevis	International trade	6,939 (US\$ 200 thousand)	6,939 (US\$ 200 thousand)	200,000	100.00	15,623	377	471 (Note 5)
	Cosmos Integration Corp.	St. Kittsst Nevis	International investment	241,571 (US\$ 7,422 thousand)	241,571 (US\$ 7,422 thousand)	7,422,000	100.00	221,630	(2,271)	(1,989) (Note 6)
Cosmos Integration Corp.	Universal Technology Corp.	St. Kittsst Nevis	International investment	215,793 (US\$ 6,630 thousand)	215,793 (US\$ 6,630 thousand)	6,630,000	100.00	221,136	(2,271)	(2,271)

Note 1: Investment gain is the investee’s net gain of \$131,846 thousand plus realized profits of \$201 thousand from upstream and side stream intercompany transactions.

Note 2: Investment gain is the investee’s net loss of \$9,480 thousand plus realized profits of \$256 thousand from upstream and side stream intercompany transactions.

Note 3: Investment gain is the investee’s net gain of \$6,221 thousand minus amortization of investment premium of \$1,673 thousand.

Note 4: Investment gain is the investee’s net loss of \$3,968 thousand minus unrealized profit of \$550 thousand from upstream intercompany transactions and amortization of investment premium of \$1,238 thousand.

Note 5: Investment gain is the investee’s net gain of \$377 thousand plus realized profits of \$94 thousand from upstream intercompany transactions.

Note 6: Investment gain is the investee’s net loss of \$2,271 thousand plus realized profits of \$282 thousand from upstream intercompany transactions.

Note 7: The investees’ financial statements used as basis for calculating investment gains (losses) recognized have all been audited.

Note 8: Eliminated from the consolidated financial statements.

Note 9: For information on investee companies in mainland China, refer to Table 5.

TABLE 6

## TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Investor Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee (Note 6)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 6 and 11)	Carrying Amount as of December 31, 2023 (Notes 6 and 11)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
						Outflow	Inflow							
Topoint Technology Co., Ltd. (the "Company")	Shanghai Topoint Precision Technology Co., Ltd.	Manufacturing and selling precision equipment and measurement facilities	\$ 1,443,066 (US\$ 44,200 thousand) (Note 1)	Indirect: Through an investment company registered in a third region (Note 2)	\$ 914,337 (US\$ 27,300 thousand)	\$ -	\$ -	\$ 914,337 (US\$ 27,300 thousand)	\$ 50,258	100.00	\$ 50,258	\$ 2,520,424	\$ 862,479 (US\$ 28,122 thousand)	
	Sharpoint Technology (Qinhuangdao) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	250,222 (US\$ 7,800 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	250,222 (US\$ 7,800 thousand)	-	-	250,222 (US\$ 7,800 thousand)	16,860	100.00	16,860	260,980	134,637 (US\$ 4,271 thousand)	
	Sharpoint Technology (Shenzhen) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	147,583 (US\$ 5,000 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	147,583 (US\$ 5,000 thousand)	-	-	147,583 (US\$ 5,000 thousand)	854	100.00	854	72,008	-	
	Sharpoint Technology (Suzhou) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	177,872 (US\$ 6,000 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	177,872 (US\$ 6,000 thousand)	-	-	177,872 (US\$ 6,000 thousand)	3,882	100.00	3,882	174,689	60,856 (US\$ 1,908 thousand)	
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	308,875 (US\$ 10,000 thousand) (Note 9)	Indirect: Through an investment company registered in a third region (Note 2)	259,808 (US\$ 8,400 thousand)	-	-	259,808 (US\$ 8,400 thousand)	16,635	100.00 (Note 8)	16,635	317,068 (Note 8)	54,437 (US\$ 1,707 Thousand)	
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting equipment	453,943 (RMB 97,000 thousand) (Note 10)	Indirect: Through an investment company registered in a third region (Note 2)	16,934 (US\$ 555 thousand)	-	-	16,934 (US\$ 555 thousand)	-	- (Note 9)	-	- (Note 9)	-	
Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Restek Technology Co., Ltd.	Manufacturing, processing and selling print circuit board	30,480 (US\$ 1,000 thousand)	Other (Note 3)	- (Note 3)	-	-	- (Note 3)	-	75.00	-	6	-	
	Kunshan Topoint Technology Co., Ltd.	Drilling bits	97,228 (RMB 20,800 thousand)	Other (Note 3)	- (Note 3)	-	-	- (Note 3)	(23,470)	100.00	(23,470)	84,893	-	
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	308,875 (US\$ 10,000 thousand) (Note 9)	Other (Note 3)	- (Note 8)	-	-	- (Note 8)	- (Note 8)	- (Note 8)	- (Note8)	- (Note8)	-	
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting equipment	453,943 (RMB 97,000 thousand) (Note 10)	Other (Note 3)	- (Note 9)	-	-	- (Note 9)	(17,655) (Note 9)	100.00 (Note 9)	(17,655) (Note 9)	210,421 (Note 9)	-	
	Shanghai Ringpoint Nano Material Co., Ltd.	Processing metal products	58,660 (RMB 12,000 thousand)	Other (Note 3)	- (Note 3)	-	-	- (Note 3)	15,317	75.00	11,488	57,276	-	
Sharpoint Electronics (Huaian) Co., Ltd.	Winpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	25,341 (RMB 5,000 thousand)	Other (Note 4)	- (Note 4)	-	-	- (Note 4)	12,764	100.00	12,764	58,880	-	
Sharpoint Technology (Qinhuangdao) Co., Ltd.	Sharpoint Electronics (Huangshi) Co., Ltd.	Processing of drill bits and mounting plate bolt holes	151,732 (RMB 35,000 thousand)	Other (Note5)	- (Note 5)	-	-	- (Note 5)	(20)	100.00	(20)	151,713	-	
Cosmos Vacuum Technology Corporation	Cosmos Vacuum Technology (Kunshan) Co., Ltd.	Vacuum coating	231,752 (RMB 7,130 thousand)	Indirect: Through an investment company registered in a third region	217,775 (US\$ 6,700 thousand)	-	-	217,775 (US\$ 6,700 thousand)	(2,271)	100.00	(2,271)	205,289	-	

(Continued)



Investor Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 10)
Topoint Technology Co., Ltd. (the “Company”)	\$ 1,766,756 (US\$ 55,055)	\$ 2,271,106 (US\$ 71,105) (Note 7)	\$ 2,598,860
Cosmos Vacuum Technology Corporation	217,775 (US\$ 6,700)	241,271 (US\$ 7,422)	254,557

- Note 1: The amount includes the capitalization of retained earnings of US\$16,700 of Shanghai Topoint Precision Technology Co., Ltd. and US\$200 thousand invested by Topoint Technology Co., Ltd. (B.V.I.).
- Note 2: The investment company required in third region is Toping Technology Co., Ltd. (B.V.I.).
- Note 3: Invested and established by Shanghai Topoint Precision Technology Co., Ltd.’s own fund.
- Note 4: Invested and established by Sharpoint Electronics (Huaian) Co., Ltd.’s own fund.
- Note 5: Invested and established by Sharpoint Technology (Qinhuangdao) Co., Ltd.’s own fund.
- Note 6: Investment gains (losses) and carrying values were recognized on the basis of the investee’s financial statements audited by the independent CPA of the Company.
- Note 7: Investment amounts authorized by Investment Commission under the Ministry of Economic Affairs (MOEA) included the capitalization of retained earnings of US\$16,700 thousand of Shanghai Topoint Precision Technology Co., Ltd., US\$200 thousand invested by Topoint Technology Co., Ltd. (B.V.I.) and US\$771 thousand for purchasing Unipoint Technology Holdings Co., Ltd. (B.V.I.) from Unipoint Technology Co., Ltd.
- Note 8: The investment from Topoint Technology Co., Ltd. (B.V.I.) and Shanghai Topoint Precision Technology Co. was US\$8,400 thousand (84%) and US\$1,600 thousand (16%), respectively. The recognition of gain on investment was \$13,973 thousand and \$2,662 thousand, respectively, which led to the ending balance of investment account which was \$266,337 thousand and \$50,731 thousand, respectively.
- Note 9: The investment from Topoint Technology Co., Ltd. (B.V.I.) and Shanghai Topoint Precision Technology Co. was RMB6,000 thousand (10%) and RMB54,000 thousand (90%), respectively. Topoint Technology Co., Ltd. (BVI) disposed of 10% of the equity to Shanghai Jiandian Precision Tools Co., Ltd. in March 2021; therefore, Shanghai Jiandian Precision Tools Co., Ltd. held 100% ownership of Chengdu Ruidian Precision Tools Co., Ltd. In March 2021, the borrowing was converted into capital of RMB37,000 thousand, and the registration of changes was completed in March 2021.
- Note 10: According to the Investment Commission under the MOEA, the Company’s issued capital is between \$80,000 thousand and \$5,000,000 thousand, and the upper limit on the Company’s investment is at the highest of 60% of the capital or \$80,000 thousand.
- Note 11: Eliminated from the consolidated financial statements.

(Concluded)

**TABLE 7**

**TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS AND UNREALIZED GAINS OR LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Investor Company	Investee Company	Transaction Details	Amount	% to Total Sales or Purchase	Transaction Details		Notes/Accounts Receivable (Payable)		Deferred Gain (Loss)	Note
						Payment Terms	Comparison with Normal Transactions	Ending Balance	% to Total		
0	Topoint Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Sales	\$ 89,321	11	Based on mutual agreement	Based on mutual agreement	\$ 14,295	7	\$ 17,390	Notes 1 and 2
			Purchase	15,442	5	Based on mutual agreement	Based on mutual agreement	(2,700)	5	264	Notes 1 and 2
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	Sales	7,254	1	Based on mutual agreement	Based on mutual agreement	2,882	1	587	Notes 1 and 2
1	Raypoint Precision Tools Co., Ltd.	Sharpoint Technology (Suzhou) Co., Ltd.	Sales	85,990	9	Based on mutual agreement	Based on mutual agreement	12,404	5	-	Notes 1 and 2

Note 1: Except for the Company’s direct transaction with Shanghai Topoint Precision Technology Co., Ltd. and Sharpoint Technology (Qinhuangdao) Co., Ltd., other transactions were made indirectly through Raypoint Precision Tools Co., Ltd. and Shanghai Topoint Precision Technology Co., Ltd. The prices and payment terms were based on mutual agreement.

Note 2: Eliminated from the consolidated financial statements.

TABLE 8

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
0	Topoint Technology Co., Ltd.	Raypoint Precision Tools Co., Ltd.	a	Accounts receivable - related parties	\$ 12,404	-	-
				Sales	85,990	-	3
		Shanghai Topoint Precision Technology Co., Ltd.	a	Accounts receivable - related parties	14,295	-	-
				Inventories	264	-	-
				Accounts payable - related parties	2,700	-	-
				Deferred credits	141,516	-	2
				Sales	89,321	-	3
				Realized profits	43,600	-	1
				Unrealized profit	17,390	-	1
				Cost of goods sold	1,949	-	-
				Gain on disposal of property, plant and equipment	16,041	-	-
				Accounts receivable - related parties	3,247	-	-
		Topoint Japan Co., Ltd.	a	Deferred credits	1,196	-	-
				Sales	6,821	-	-
				Unrealized profit	237	-	-
				Cost of goods sold	1,196	-	-
				Rental revenue	3,460	-	-
				Other income	2,661	-	-
				Accounts receivable - related parties	7,226	-	-
				Refundable deposits	300	-	-
				Guarantee deposits received	3	-	-
				Deferred credits	3,020	-	-
		Unipoint Technology Co., Ltd.	a	Sales	11,614	-	-
				Unrealized profit	1,107	-	-
				Gain on disposal of property, plant and equipment	483	-	-
				Cost of goods sold	808	-	-
				Rental revenue	36	-	-
				Other income	7,974	-	-
				Accounts receivable - related parties	2,882	-	-
				Deferred credits	2,082	-	-
				Sales	7,254	-	-
				Realized profits	588	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	a	Unrealized profit	587	-	-
				Cost of goods sold	587	-	-
				Other income	382	-	-

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Sharpoint Technology (Suzhou) Co., Ltd.	a	Deferred credits Unrealized profit Other income Sales Accounts payable - related parties	\$ 759 537 190 324 315	- - - - -	- - - - -
		Kunshan Topoint Technology Co., Ltd.	a	Deferred credits Gain on disposal of property, plant and equipment Other income	3,235 113 2,593	- - -	- - -
		Drilltek Corporation	a	Accounts receivable - related parties Accounts payable - related parties Unrealized profit Sales Cost of goods sold Other income	12,900 120 1,342 37,684 249 960	- - - - - -	- - - 1 - -
		Sharpoint Technology (Shenzhen) Co., Ltd.	a	Accounts receivable - related parties Sales Cost of goods sold	63 870 114	- - -	- - -
		Cosmos Vacuum Technology Corporation	a	Other income Sales Cost of goods sold Accounts receivable - related parties Accounts payable - related parties	960 5,454 49,590 1,212 13,939	- - - - -	- - 2 - -
1	Topoint Technology Co., Ltd. (B.V.I.)	Topoint Japan Co., Ltd.	c	Accounts receivable - related parties Interest revenue	11,946 58	- -	- -
2	Raypoint Precision Tools Co., Ltd.	Topoint Technology Co., Ltd.	b	Accounts payable - related parties Cost of goods sold	12,404 85,990	- -	- 3
		Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts receivable - related parties Sales	19,686 103,235	- -	- 4
3	Shanghai Topoint Precision Technology Co., Ltd.	Topoint Technology Co., Ltd.	b	Accounts receivable - related parties Inventories Machinery and equipment Accumulated depreciation Accounts payable - related parties Sales Cost of goods sold	2,700 17,390 100,182 223,308 14,295 15,442 148,698	- - - - - - -	- - 1 3 - 1 5
		Raypoint Precision Tools Co., Ltd.	c	Accounts payable - related parties Cost of goods sold	19,686 103,235	- -	- 4
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Accounts receivable - related parties Sales Rental revenue Cost of goods sold	112,177 12,340 455 493	- - - -	2 - - -
		Sharpoint Technology (Shenzhen) Co., Ltd.	c	Accounts receivable - related parties Sales	156 538	- -	- -

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Sharpoint Technology (Suzhou) Co., Ltd.	c	Accounts payable - related parties	\$ 105	-	-
				Cost of goods sold	727	-	-
				Machinery and equipment	3,356	-	-
				Accumulated depreciation	2,597	-	-
		Kunshan Topoint Technology Co., Ltd.	c	Accounts receivable - related parties	2,475	-	1
				Cost of goods sold	18,040	-	2
				Accounts payable - related parties	44,596	-	-
				Sales	8,385	-	-
		Sharpoint Electronics (Huaian) Co., Ltd.	c	Accounts receivable - related parties	37,587	-	1
				Sales	135,154	-	5
		Winpoint Electronics (Huaian) Co., Ltd.	c	Sales	10,906	-	1
				Cost of goods sold	410	-	-
				Accounts receivable - related parties	6,188	-	-
		Shanghai Ringpoint Nano Material Co., Ltd.	c	Accounts payable - related parties	12,168	-	-
				Rental revenue	706	-	-
				Sales	2,356	-	-
				Cost of goods sold	45,697	-	2
				Accounts receivable - related parties	2,475	-	-
		Cosmos Vacuum Technology (Kunshan) Co., Ltd.	c	Accounts payable - related parties	18,040	-	-
				Sales	8,335	-	-
				Cost of goods sold	44,596	-	2
4	Topoint Japan Co., Ltd.	Topoint Technology Co., Ltd.	b	Inventories	1,196	-	-
				Accounts payable - related parties	3,247	-	-
				Cost of goods sold	14,375	-	-
		Topoint Technology Co., Ltd. (B.V.I.)	c	Accounts payable - related parties	11,946	-	-
				Interest expenses	58	-	-
5	Unipoint Technology Co., Ltd.	Topoint Technology Co., Ltd.	b	Refundable deposits	3	-	-
				Inventories	2,053	-	-
				Accounts payable - related parties	7,226	-	-
				Guarantee deposits received	300	-	-
				Sales	45	-	-
				Cost of goods sold	21,017	-	1
				Machinery and equipment	3,097	-	-
				Accumulated depreciation	2,129	-	-
				Rental revenue	1,200	-	-
				Rental expenses	36	-	-
				Accounts payable - related parties	127	-	-
		Drilltek Corporation	c	Cost of goods sold	1,030	-	-
6	Sharpoint Technology (Qinhuangdao) Co., Ltd.	Topoint Technology Co., Ltd.	b	Inventories	587	-	-
				Cost of goods sold	8,222	-	-
				Machinery and equipment	3,818	-	-
				Accumulated depreciation	2,323	-	-
				Accounts payable - related parties	2,882	-	-

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Shanghai Topoint Precision Technology Co., Ltd.	c	Inventories	\$ 493	-	-
				Accounts payable - related parties	5,797	-	-
		Kunshan Topoint Technology Co., Ltd.	c	Cost of goods sold	12,854	-	-
				Accounts receivable - related parties	10,086	-	-
				Cost of goods sold	11,320	-	1
		Winpoint Electronics (Huaian) Co., Ltd.	c	Accounts receivable - related parties	149	-	-
				Rental revenue	403	-	-
7	Sharpoint Technology (Shenzhen) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts payable - related parties	156	-	-
				Cost of goods sold	538	-	-
		Topoint Technology Co., Ltd.	b	Inventories	114	-	-
				Accounts payable - related parties	63	-	-
				Cost of goods sold	1,178	-	-
8	Sharpoint Technology (Suzhou) Co., Ltd.	Topoint Technology Co., Ltd.	b	Machinery and equipment	3,356	-	-
				Accumulated depreciation	2,597	-	-
				Cost of goods sold	727	-	-
		Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts receivable - related parties	105	-	-
				Sales	28	-	-
		Kunshan Topoint Technology Co., Ltd.	c	Cost of goods sold	2,059	-	-
				Accounts payable - related parties	315	-	-
9	Kunshan Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd.	b	Machinery and equipment	53,895	-	1
				Accumulated depreciation	50,660	-	1
				Cost of goods sold	3,030	-	-
		Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts payable - related parties	2,475	-	1
				Accounts receivable - related parties	18,040	-	-
				Sales	44,596	-	2
				Cost of goods sold	8,335	-	-
		Sharpoint Technology (Suzhou) Co., Ltd.	c	Sales	2,059	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Accounts payable - related parties	10,086	-	-
				Sales	11,320	-	1
10	Sharpoint Electronics (Huaian) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts payable - related parties	37,587	-	-
				Sales	135,154	-	5
11	Winpoint Electronics (Huaian) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Inventories	411	-	-
				Accounts payable - related parties	6,188	-	-
				Cost of goods sold	10,906	-	1
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Accounts payable - related parties	149	-	-
				Cost of goods sold	403	-	-

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
12	Shanghai Ringpoint Nano Material Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts receivable - related parties Cost of goods sold Sales	\$ 12,168 3,062 45,697	- - -	- - 2
13	Drilltek Corporation	Topoint Technology Co., Ltd.  Unipoint Technology Co., Ltd.	b  c	Accounts payable - related parties Accounts receivable - related parties Sales Cost of goods sold Management expenses Inventories Sales Accounts receivable - related parties	12,900 120 406 39,026 960 655 1,030 127	- - - - - - - -	- - - 1 - - - -
14	Cosmos Vacuum Technology Corporation	Topoint Technology Co., Ltd.  Cosmos Technology (Kunshan) Co., Ltd.  H&N Technology Co., Ltd.	b  c  c	Management expenses Accounts receivable - related parties Accounts payable - related parties Sales Cost of goods sold Accounts receivable - related parties Accounts payable - related parties Deferred credits Sales Cost of goods sold Unrealized profit Gain on disposal of property, plant and equipment Cost of goods sold	960 13,939 1,212 49,590 5,454 13,485 2,218 1,634 27,545 8,653 2,416 314 94	- - - - - - - - - - - - -	- - - 2 - 5 - - 1 9 - - -
15	Cosmos Technology (Kunshan) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.  Cosmos Vacuum Technology Corporation  H&N Technology Co., Ltd.	c  c  c	Accounts receivable - related parties Accounts payable - related parties Sales Sales Cost of goods sold Inventories Accounts payable - related parties Accounts receivable - related parties Sales Cost of goods sold Machinery and equipment Accumulated depreciation Inventories	18,040 2,475 44,596 8,335 1,431 13,485 2,218 7,427 28,560 10,434 10,354 282	- - - - - - - - - - - -	- - 1 - - 5 - 9 16 2 2 -
16	H&N Technology Co., Ltd.	Cosmos Vacuum Technology Corporation Cosmos Technology (Kunshan) Co., Ltd.	c c	Accumulated depreciation Cost of goods sold	94 486	- -	- -

(Continued)

Note 1: Companies are numbered as follows:

- a. The number of Topoint Technology Co., Ltd. (“Topoint”) is “0.”
- b. Subsidiaries are numbered from “1” onward.

Note 2: The flow of transactions is as follows:

- a. From Topoint to the subsidiary.
- b. From the subsidiary to Topoint.
- c. Between subsidiaries.

Note 3: The prices and payment terms for related-party transactions were based on agreements.

Note 4: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

Note 5: Eliminated from the consolidated financial statements.

(Concluded)



## **Topoint Technology Co., Ltd.**

**Parent Company Only Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Topoint Technology Co., Ltd.

### **Opinion**

We have audited the accompanying parent company only financial statements of Topoint Technology Co., Ltd. (the “Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the “parent company only financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. 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.

Details of key audit matters in the Company's parent company only financial statements for the year ended December 31, 2023 are as follows:

### The Authenticity of Drill Revenue

Management may feel pressure to achieve planned results and, therefore, auditing standards presume there is a risk of fraud in revenue recognition. We have determined this to apply specifically to the authenticity of transactions of drill sales. Refer to Note 4 to the accompanying parent company only financial statements for the relevant accounting policy of revenue recognition.

By conducting tests of controls on the Company and its investments accounted for using the equity method, we obtained an understanding of the recognition of drill revenue and of its design and implementation of related controls, and analyzed the changes in the top ten drill sales from customers and the accounts receivable turnover rate. We checked the rationale of drill revenue recognition based on the transactions. We tested the occurrence of drill revenue transactions. We performed journal entry testing by selecting samples of drill revenue journals and matching them with the original orders and external shipping documents or customer receipt documents. We reviewed that there were no significant sales returns after the year end and confirmed that there are no material misstatements of drill revenue.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 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 audits resulting in this independent auditors' report are Chien-Hsin Hsieh and Po-Jen Weng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*

# TOPOINT TECHNOLOGY CO., LTD.

## PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 193,261	4	\$ 219,431	4
Financial assets at fair value through profit or loss (Notes 4, 7 and 29)	1,007	-	287	-
Financial assets at amortized cost (Note 8)	9,966	-	-	-
Notes receivable (Notes 4, 10 and 23)	3,003	-	3,424	-
Accounts receivable (Notes 4, 10 and 23)	137,319	3	178,605	3
Accounts receivable - related parties (Notes 4, 23 and 30)	72,126	1	46,536	1
Other receivables (Notes 4 and 10)	18,654	-	50,602	1
Inventories (Notes 4 and 11)	147,911	3	182,472	3
Prepayments (Note 12)	2,461	-	5,526	-
Other current assets	49	-	608	-
Total current assets	585,757	11	687,491	12
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 9 and 29)	39,392	1	37,947	1
Investments accounted for using the equity method (Notes 4 and 13)	4,016,275	75	4,312,530	75
Property, plant and equipment (Notes 4, 14 and 31)	635,276	12	570,219	10
Right-of-use assets (Notes 4 and 15)	2,098	-	4,104	-
Intangible assets (Notes 4 and 16)	3,717	-	5,326	-
Deferred tax assets (Notes 4 and 25)	38,570	-	45,232	1
Other non-current assets (Notes 17 and 30)	43,681	1	94,172	1
Total non-current assets	4,779,009	89	5,069,530	88
TOTAL	\$ 5,364,766	100	\$ 5,757,021	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 58,432	1	\$ 79,036	1
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 29)	24	-	506	-
Accounts payable (Note 19)	38,768	1	44,593	1
Accounts payable - related parties (Note 30)	17,515	-	11,531	-
Other payables (Note 20)	322,529	6	407,718	7
Current tax liabilities (Notes 4 and 25)	64,424	1	81,269	2
Lease liabilities (Notes 4 and 15)	1,028	-	2,007	-
Other current liabilities	3,266	-	3,384	-
Total current liabilities	505,986	9	630,044	11
NON-CURRENT LIABILITIES				
Long-term borrowings, net of current portion (Note 18)	400,000	8	400,000	7
Lease liabilities (Notes 4 and 15)	1,069	-	2,098	-
Guarantee deposits received (Note 30)	10,750	-	10,751	-
Credit balance of investments accounted for using the equity method (Notes 4 and 13)	4,347	-	177	-
Deferred tax liabilities (Notes 4 and 25)	111,180	2	1,297	-
Total non-current liabilities	527,346	10	414,323	7
Total liabilities	1,033,332	19	1,044,367	18
EQUITY				
Share capital	1,421,805	27	1,421,805	25
Capital surplus	1,227,638	23	1,227,638	21
Retained earnings				
Legal reserve	552,893	10	519,383	9
Special reserve	305,480	6	363,234	6
Unappropriated earnings	1,192,019	22	1,486,074	26
Total retained earnings	2,050,392	38	2,368,691	41
Other equity	(368,401)	(7)	(305,480)	(5)
Total equity	4,331,434	81	4,712,654	82
TOTAL	\$ 5,364,766	100	\$ 5,757,021	100

The accompanying notes are an integral part of the parent company only financial statements.

# TOPOINT TECHNOLOGY CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 30)	\$ 821,853	101	\$ 1,067,901	101
LESS: SALES RETURNS	1,059	-	940	-
SALES DISCOUNTS AND ALLOWANCES	<u>11,027</u>	<u>1</u>	<u>10,336</u>	<u>1</u>
NET OPERATING REVENUE	809,767	100	1,056,625	100
OPERATING COSTS (Notes 11, 24 and 30)				
Cost of goods sold	<u>602,892</u>	<u>74</u>	<u>707,840</u>	<u>67</u>
GROSS PROFIT	206,875	26	348,785	33
Realized gain on transactions with subsidiaries	<u>26,715</u>	<u>3</u>	<u>8,222</u>	<u>1</u>
Realized gross profit	<u>233,590</u>	<u>29</u>	<u>357,007</u>	<u>34</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing	23,601	3	34,213	3
General and administrative (Note 30)	113,357	14	151,945	14
Research and development	<u>60,085</u>	<u>7</u>	<u>60,156</u>	<u>6</u>
Total operating expenses	<u>197,043</u>	<u>24</u>	<u>246,314</u>	<u>23</u>
OTHER OPERATING INCOME AND EXPENSES (Note 24)	<u>18,877</u>	<u>2</u>	<u>15,933</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>55,424</u>	<u>7</u>	<u>126,626</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries accounted for using the equity method	118,216	15	327,553	31
Other income (Note 30)	16,989	2	19,024	2
Rental income (Note 30)	3,496	1	3,595	-
Dividend income	2,178	-	1,815	-
Interest income	1,091	-	520	-
Gain or loss on valuation of financial instruments	1,202	-	( 441)	-
Foreign exchange gain or loss, net (Note 24)	( 1,558)	-	4,047	-

(Continued)

# TOPOINT TECHNOLOGY CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Other expenses	\$ -	-	(\$ 6)	-
Interest expense	(13,630)	(2)	(12,994)	(1)
Total non-operating income and expenses	127,984	16	343,113	32
PROFIT BEFORE INCOME TAX	183,408	23	469,739	44
INCOME TAX EXPENSE (Notes 4 and 25)	(219,434)	(27)	(137,494)	(13)
NET PROFIT (LOSS)	(36,026)	(4)	332,245	31
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	2,001	-	150	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,445	-	1,627	-
Share of remeasurement of defined benefit plans of subsidiaries accounted for using the equity method	487	-	2,081	1
Unrealized gain on investments in equity instruments at fair value through other comprehensive income of subsidiaries accounted for using the equity method	687	-	1,366	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(400)	-	(31)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation to the financial statements of foreign operations	(65,053)	(8)	54,342	5
Total other comprehensive income (loss)	(60,833)	(8)	59,535	6
TOTAL COMPREHENSIVE INCOME	(\$ 96,859)	(12)	\$ 391,780	37
EARNINGS PER SHARE (Note 26)				
Basic	(\$ 0.25)		\$ 2.34	
Diluted			\$ 2.29	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)



# TOPOINT TECHNOLOGY CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Share Capital (Note 22)	Capital Surplus (Note 22)	Retained Earnings (Note 22)			Other Equity (Note 22)		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation to the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 1,421,805	\$ 1,227,748	\$ 474,706	\$ 345,319	\$ 1,541,236	(\$ 376,556)	\$ 13,741	\$ 4,647,999
Appropriation of 2021 earnings								
Legal reserve	-	-	44,677	-	( 44,677)	-	-	-
Special reserve	-	-	-	17,915	( 17,915)	-	-	-
Cash dividends distributed by the Company (NT\$2.30 per share)	-	-	-	-	( 327,015)	-	-	( 327,015)
	-	-	44,677	17,915	( 389,607)	-	-	( 327,015)
Net profit for the year ended December 31, 2022	-	-	-	-	332,245	-	-	332,245
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	2,200	54,342	2,993	59,535
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	334,445	54,342	2,993	391,780
Changes in percentage of ownership interests in subsidiaries	-	( 110)	-	-	-	-	-	( 110)
BALANCE AT DECEMBER 31, 2022	1,421,805	1,227,638	519,383	363,234	1,486,074	( 322,214)	16,734	4,712,654
Appropriation of 2022 earnings								
Legal reserve	-	-	33,510	-	( 33,510)	-	-	-
Special reserve	-	-	-	( 57,754)	57,754	-	-	-
Cash dividends distributed by the Company (NT\$2.00 per share)	-	-	-	-	( 284,361)	-	-	( 284,361)
	-	-	33,510	( 57,754)	( 260,117)	-	-	( 284,361)
Net loss for the year ended December 31, 2023	-	-	-	-	( 36,026)	-	-	( 36,026)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	2,088	( 65,053)	2,132	( 60,833)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	( 33,938)	( 65,053)	2,132	( 96,859)
BALANCE AT DECEMBER 31, 2023	\$ 1,421,805	\$ 1,227,638	\$ 552,893	\$ 305,480	\$ 1,192,019	(\$ 387,267)	\$ 18,866	\$ 4,331,434

The accompanying notes are an integral part of the parent company only financial statements.

# TOPOINT TECHNOLOGY CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 183,408	\$ 469,739
Adjustments for:		
Depreciation	70,947	48,501
Amortization	3,548	2,740
(Gain) loss on valuation of financial instruments	( 1,202)	441
Interest expense	13,630	12,994
Interest income	( 1,091)	( 520)
Dividend income	( 2,178)	( 1,815)
Share of profit or loss of subsidiaries accounted for using the equity method	( 118,216)	( 327,553)
Gain on disposal of property, plant and equipment	( 18,877)	( 15,933)
Realized gain on transactions with subsidiaries	( 26,715)	( 8,222)
Net changes in operating assets and liabilities		
Notes receivable	421	12,425
Accounts receivable	41,286	30,283
Accounts receivable - related parties	( 25,590)	77,477
Other receivables	31,959	( 36,524)
Inventories	34,561	( 21,937)
Prepayments	3,065	7,047
Other current assets	559	( 608)
Accounts payable	( 5,825)	( 21,596)
Accounts payable - related parties	5,984	( 3,929)
Other payables	( 48,361)	25,845
Other current liabilities	( 3,411)	( 9,937)
Net defined benefit assets	( 53)	( 26)
Cash generated from operations	137,849	238,892
Interest received	1,080	490
Interest paid	( 13,630)	( 12,854)
Income tax paid	( 120,134)	( 90,641)
Net cash generated from operating activities	<u>5,165</u>	<u>135,887</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	( 9,966)	-
Acquisition of long-term equity investments accounted for using the equity method	( 199,866)	( 3,364)
Payments for property, plant and equipment (Note 27)	( 118,324)	( 256,625)
		(Continued)

# TOPOINT TECHNOLOGY CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of property, plant and equipment	\$ 307	\$ 83,380
Decrease in refundable deposits	43	6
Payments for intangible assets	( 1,939)	( 5,448)
Dividends received	605,384	569,684
Proceeds from capital reduction of investees accounted for using the equity method	<u>-</u>	<u>56,890</u>
Net cash generated from investing activities	<u>275,639</u>	<u>444,523</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase (decrease) in short-term borrowings	( 18,359)	11,264
Proceeds from long-term borrowings	1,650,000	1,500,000
Repayments of long-term borrowings	( 1,650,000)	( 1,700,000)
Net increase (decrease) in guarantee deposits received	( 1)	1,060
Repayment of the principal portion of lease liabilities	( 2,008)	( 1,947)
Cash dividends paid	( <u>284,361</u> )	( <u>327,015</u> )
Net cash used in financing activities	( <u>304,729</u> )	( <u>516,638</u> )
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	( <u>2,245</u> )	<u>753</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 26,170)	64,525
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>219,431</u>	<u>154,906</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 193,261</u>	<u>\$ 219,431</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

# TOPOINT TECHNOLOGY CO., LTD.

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

---

### 1. GENERAL INFORMATION

Topoint Technology Co., Ltd. (the “Company”) was incorporated in 1996. The Company mainly manufactures and markets micro-drills for printed circuit boards (PCBs), numerically controlled drilling machines for PCBs and peripheral equipment used in the manufacture of PCB.

On May 10, 2000, the Securities and Futures Commission (SFC) approved the Company’s application to become a public company. Since December 21, 2004, the Company’s shares have been traded on the Taipei Exchange (TPEX). Later, when the Company’s shares ceased to be traded over the counter, the Company’s shares became listed on the Taiwan Stock Exchange (TWSE) in January 2008.

The parent company only financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on February 27, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	January 1, 2023

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. IFRSs endorsed by the FSC to take effect for annual periods beginning on January 1, 2024

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: Exemption disclosure requirements for the first-time adoption of the amendments.

As of the date the parent company only financial statements were authorized for issue, the Company assessed and determined that the application of above standards and interpretations will not have significant impact on the Company’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will take effect for the annual period beginning on January 1, 2025. The effect of the first-time adoption is recognized in retained earnings on the date of initial adoption. When the Company uses a presentation currency other than its functional currency, the effect is recognized in exchange differences of foreign operations under equity on the date of initial adoption.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of Compliance**

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **Basis of Preparation**

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values and net defined benefit assets which are measured at the present value of the defined benefit obligations less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

The Company accounts for subsidiaries by using the equity method in the preparation of the parent company only financial statements. In order to agree with the amount of net profit, other comprehensive income and equity attributable to owners of the company in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted through “investments accounted for using the equity method”, “share of profit or loss of subsidiaries accounted for using the equity method”, “share of other comprehensive income of subsidiaries accounted for using the equity method” and relevant equity items in the parent company only financial statements.

##### **Classification of Current and Non-current Assets and Liabilities**

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within twelve months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and
- c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

## **Foreign Currencies**

In preparing the parent company only financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period, except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company and its foreign operations (including of the subsidiaries' operations in other countries or currencies used different from the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

## **Inventories**

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are stated at weighted-average cost on the balance sheet date.

## **Investments in subsidiaries**

The Company accounts for its investments in subsidiaries using the equity method. A subsidiary is an entity controlled by the Company.

Under the equity method, investments in subsidiaries are initially recognized at cost. After the acquisition date, the carrying amount is adjusted to reflect the Company's share of profit or loss and other comprehensive income as well as earning distributions of the subsidiaries. Also, the Company recognizes the changes in its share of equity of subsidiaries.

Changes in the Company's ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of consideration paid or received is recognized directly in equity.

When the Company's share of loss of a subsidiary equals to or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary accounted for using the equity method and the long-term interests that are part of the Company's net investment in the subsidiary in substance), the Company continues to recognize its proportionate share of loss.

Any excess of the acquisition cost over the Company's share of net fair value of identifiable assets and liabilities of a subsidiary which constitutes a business as of the acquisition date is recognized as goodwill. Goodwill is included in the carrying amount of the investment and cannot be amortized. Any excess of the Company's share of net fair value of identifiable assets and liabilities of a subsidiary which constitutes a business as of the acquisition date over the acquisition cost is recognized as a gain in profit or loss.

When the Company loses control over a subsidiary, it measures the retained investment in the subsidiary at fair value on the date it loses control. The difference between the fair value of the retained investment plus proceeds from the disposal and the carrying amount of the investment on the date when control is lost is recognized in profit or loss. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Unrealized gains or losses from downstream transactions between the Company and its subsidiaries are eliminated in the Company's parent company only financial statements. Profits and losses from upstream and side stream transactions are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

### **Property, Plant and Equipment**

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

### **Intangible Assets**

Intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

### **Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.



The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## **Financial Instruments**

Financial assets and financial liabilities are recognized in the parent company only balance sheets when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### **a. Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

#### **1) Measurement category**

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

##### **a) Financial assets at FVTPL**

Financial assets at FVTPL are subsequently measured at fair value. Dividends and interests on such financial assets are recognized separately in other income and interest income while gains or losses from remeasurement are recognized in other gains and losses. Fair value is determined in the manner described in Note 29.

##### **b) Financial assets at amortized cost**

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.

- b) Financial asset is more than 360 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

### 3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

#### b. Financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are discharged or canceled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### c. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward exchange contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

## **Revenue Recognition**

The Company identifies performance obligations in contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

#### a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of micro-drill bits for PCBs and precision metal products. Sales of these goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable and revenue are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

b. Revenue from the rendering of services

Revenue from the rendering of services comes from manufacturing of metal products and purchasing equipment on behalf of other customers.

As the Company provides manufacturing of metal products, customers simultaneously receive and consume the benefits provided by the Company's performance. Consequently, the related revenue is recognized when services are rendered.

For services in purchasing equipment on behalf of customers, the Company does not control the equipment before it is transferred to the customer. The Company neither is responsible for the customer's acceptance of the equipment nor commits itself to obtain the goods from the suppliers before the equipment is purchased by the customer and thus does not take on any inventory risk. Consequently, the Company is an agent and its performance obligation is to procure the equipment on behalf of the customer. The Company recognizes revenue in the net amount of consideration received or receivable when the equipment is transferred to the customer, and the Company has no further obligations to the customer.

## **Leasing**

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

## **Employee Benefits**

### **a. Short-term employee benefits**

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

### **b. Retirement benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

## **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

### **a. Current tax**

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### **b. Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits for purchases of machinery and equipment and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies, estimates and underlying assumptions adopted by the Company have no critical accounting judgments and estimation uncertainty after evaluation by the management of the Company.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 445	\$ 411
Demand deposits	88,429	150,161
Cash equivalents		
Time deposits	<u>104,387</u>	<u>68,859</u>
	<u>\$ 193,261</u>	<u>\$ 219,431</u>

The market interest rate intervals of demand deposits and time deposits at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Demand deposits	0.001%~1.45%	0.001%~1.05%
Time deposits	1.080%~2.200%	0.85%~1.315%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	\$ 1,007	\$ 287
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	\$ 24	\$ 506

At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2023</u>			
Sell	JPY/NTD	2024.01.23	JPY 1,500/NTD 333
Sell	JPY/NTD	2024.01.23	JPY 3,370/NTD 729
Sell	JPY/NTD	2024.02.23	JPY 75/NTD 16
Sell	JPY/NTD	2024.03.21	JPY 750/NTD 163
Sell	JPY/NTD	2024.03.21	JPY 3,070/NTD 661
Sell	JPY/NTD	2024.04.25	JPY 2,818/NTD 604
Sell	EUR/NTD	2024.01.25	EUR 13/NTD 434
Sell	EUR/NTD	2024.02.26	EUR 13/NTD 438
Sell	EUR/NTD	2024.03.26	EUR 13/NTD 436
Sell	USD/NTD	2024.01.05	USD 212/NTD 6,586
Sell	USD/NTD	2024.02.05	USD 179/NTD 5,604
Sell	USD/NTD	2024.02.05	USD 90/NTD 2,813
Sell	USD/NTD	2024.03.05	USD 234/NTD 7,379
Sell	USD/NTD	2024.03.05	USD 94/NTD 2,928
Sell	USD/NTD	2024.04.03	USD 200/NTD 6,333
Sell	USD/NTD	2024.04.03	USD 39/NTD 1,211
Sell	USD/NTD	2024.04.03	USD 41/NTD 1,255
Sell	USD/NTD	2024.05.06	USD 199/NTD 6,159

	Currency	Maturity	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Sell	JPY/NTD	2023.01.31	JPY 356/NTD 76
Sell	JPY/NTD	2023.02.23	JPY 3,300/NTD 718
Sell	JPY/NTD	2023.03.23	JPY 338/NTD 74
Sell	JPY/NTD	2023.04.25	JPY 2,390/NTD 535
Sell	EUR/NTD	2023.04.27	EUR 65/NTD 2,104
Sell	USD/NTD	2023.01.05	USD 199/NTD 6,070
Sell	USD/NTD	2023.02.03	USD 380/NTD 11,514
Sell	USD/NTD	2023.02.06	USD 188/NTD 5,715
Sell	USD/NTD	2023.02.07	USD 130/NTD 4,142
Sell	USD/NTD	2023.03.03	USD 34/NTD 1,037
Sell	USD/NTD	2023.03.06	USD 430/NTD 12,984
Sell	USD/NTD	2023.03.06	USD 193/NTD 5,849
Sell	USD/NTD	2023.03.07	USD 100/NTD 3,176
Sell	USD/NTD	2023.04.06	USD 127/NTD 3,858

The Company entered into forward exchange contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The purpose of its financial hedging strategy is to avoid price volatility of primary markets.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than three months	\$ 9,966	\$ -

The market interest rate intervals of financial assets at amortized cost were as follows:

	<u>December 31</u>	
	2023	2022
Time deposits with original maturities of more than three months	1.320%~1.565%	-

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Zhen Ding Technology Holding Limited	\$ 39,392	\$ 37,947



## 10. NOTES RECEIVABLES, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivables</u>		
At amortized cost		
Gross carrying amount	\$ 3,003	\$ 3,424
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 3,003</u>	<u>\$ 3,424</u>
<u>Accounts receivables</u>		
At amortized cost		
Gross carrying amount	\$ 137,319	\$ 178,605
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 137,319</u>	<u>\$ 178,605</u>
<u>Other receivables</u>		
Purchase of equipment on other's behalf	\$ 11,743	\$ 16,461
Bank retention accounts	5,712	5,221
Others	<u>1,199</u>	<u>28,920</u>
	<u>\$ 18,654</u>	<u>\$ 50,602</u>

### a. Notes receivable

The average credit period of notes receivables was 90 days. In determining the recoverability of a note receivable, the Company considered any change in the credit quality of the note receivable since the date credit was initially granted to the end of the reporting period. The Company recognized 100% loss allowance for notes receivable that were past due. As of the reporting date, the Company had no notes receivables that were past due; thus, no loss allowance was recognized.

### b. Accounts receivable

#### 1) At amortized cost

The average credit period of sales of goods was 90 days. No interest was charged on accounts receivables. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from default. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the

reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix for loss allowance based on past due status is not further distinguished according to the Company's different customer base. The Company evaluates the prospect of recovery based on the past due days of accounts receivable and determine the expected credit loss rates with the respective risks of default occurring as the weights.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2023

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>Total</b>
Expected credit loss rate	-	-	
Gross carrying amount	\$ 133,990	\$ 3,329	\$ 137,319
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 133,990</u>	<u>\$ 3,329</u>	<u>\$ 137,319</u>

December 31, 2022

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>Total</b>
Expected credit loss rate	-	-	
Gross carrying amount	\$ 172,582	\$ 6,023	\$ 178,605
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 172,582</u>	<u>\$ 6,023</u>	<u>\$ 178,605</u>

2) At FVTPL

For accounts receivable from related parties, the Company will sell them to banks without recourse. The sale will result in derecognizing these trade receivables because the Company will transfer the significant risks and rewards relating to them. These trade receivables are classified as at FVTPL because the objective of the Company's business model is neither to collect contractual cash flows nor achieved by collecting contractual cash flows and selling financial assets.

Factored trade receivables as of December 31, 2023 and 2022 were as follows:

December 31, 2023

<b>Counterparties</b>	<b>Receivables Sold</b>	<b>Receivables Sold at Year-end</b>	<b>Advances Received at Year-end</b>	<b>Not Yet Received as of Year-end</b>	<b>Retention</b>	<b>Interest Rates for Advances Received (%)</b>	<b>Credit Line</b>
Mega International Commercial Bank	<u>\$168,601</u>	<u>\$ 57,060</u>	<u>\$ 51,348</u>	<u>\$ 7</u>	<u>\$ 5,705</u>	6.4	US\$ 3,000 thousand

## December 31, 2022

Counterparties	Receivables Sold	Receivables Sold at Year-end	Advances Received at Year-end	Not Yet Received as of Year-end	Retention	Interest Rates for Advances Received (%)	Credit Line
Mega International Commercial Bank	<u>\$164,224</u>	<u>\$ 47,116</u>	<u>\$ 41,895</u>	<u>\$ 566</u>	<u>\$ 4,655</u>	5.89	US\$ 3,000 thousand

The above credit line may be used on a revolving basis.

The above factored accounts receivables not yet received and the retention amounts were reclassified to other receivables - bank retention accounts.

### 3) Other receivables

The Company assesses other receivables for impairment when there is objective evidence of receivable being impaired.

As of the reporting date, the Company had no other receivables that were past due; thus, no loss allowance was recognized.

## 11. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Finished goods	\$ 67,790	\$ 77,830
Raw materials	33,458	54,380
Supplies	24,627	28,078
Work in process	15,331	16,405
Merchandise	<u>6,705</u>	<u>5,779</u>
	<u>\$ 147,911</u>	<u>\$ 182,472</u>

The nature of cost of goods sold was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 598,947	\$ 703,984
Inventory write-downs	<u>3,945</u>	<u>3,856</u>
	<u>\$ 602,892</u>	<u>\$ 707,840</u>

## 12. PREPAYMENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Prepaid expenses	\$ 2,443	\$ 2,982
Prepaid value-added tax	-	2,544
Prepaid purchases	<u>18</u>	<u>-</u>
	<u>\$ 2,461</u>	<u>\$ 5,526</u>

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries		
Unlisted companies		
Topoint Technology Co., Ltd. (B.V.I.)	\$ 2,994,103	\$ 3,454,973
Unipoint Technology Co., Ltd.	425,307	432,448
Warspeed Corporation (B.V.I.)	1,759	692
Topoint Japan Co., Ltd.	( 4,347)	( 177)
Unipoint Technology Holdings Co., Ltd. (B.V.I.)	14	14
Raypoint Precision Tools Co., Ltd.	1,505	1,542
Drilltek Corporation	142,198	154,682
Cosmos Vacuum Technology Corporation	254,648	268,179
Topoint Technology (Thailand) Co., Ltd.	<u>196,741</u>	<u>-</u>
	4,011,928	4,312,353
Add: Credit balance of investments accounted for using the equity method	<u>4,347</u>	<u>177</u>
	<u>\$ 4,016,275</u>	<u>\$ 4,312,530</u>

The percentages of ownership interests and voting rights held by the Company in subsidiaries on the balance sheet date were as follows:

	December 31	
	2023	2022
Topoint Technology Co., Ltd. (B.V.I.)	100%	100%
Unipoint Technology Co., Ltd.	61.76%	61.76%
Warspeed Corporation (B.V.I.)	100%	100%
Topoint Japan Co., Ltd.	100%	100%
Unipoint Technology Holdings Co., Ltd. (B.V.I.)	100%	100%
Raypoint Precision Tools Co., Ltd.	100%	100%
Drilltek Corporation (Note 26)	58.72%	58.72%
Cosmos Vacuum Technology Corporation (Note 26)	57.14%	57.14%
Topoint Technology (Thailand) Co., Ltd.	99.80%	-

The Company invested and established Topoint Technology (Thailand) Co., Ltd. in July 2023.

For the nature of activities, principal place of business and country of registration of the aforementioned subsidiaries, refer to Table 5.

The shares of profit or loss and other comprehensive income of subsidiaries accounted for using the equity method for the years ended December 31, 2023 and 2022 were recognized based on the subsidiaries' audited financial statements.

### 14. PROPERTY, PLANT AND EQUIPMENT - OWNER-OCCUPIED

	December 31	
	2023	2022
Owner-occupied	<u>\$ 635,276</u>	<u>\$ 570,219</u>

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment to Be Inspected	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 75,652	\$ 278,411	\$ 1,549,888	\$ 7,432	\$ 8,125	\$ 93,325	\$ 2,507	\$2,015,340
Addition	-	-	127,833	-	520	5,645	-	133,998
Disposal	-	-	( 14,714)	( 1,150)	-	( 205)	-	( 16,069)
Reclassification	-	-	-	-	-	1,626	( 1,626)	-
Balance at December 31, 2023	<u>75,652</u>	<u>278,411</u>	<u>1,663,007</u>	<u>6,282</u>	<u>8,645</u>	<u>100,391</u>	<u>881</u>	<u>2,133,269</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	-	202,867	1,161,758	5,091	7,188	68,217	-	1,445,121
Depreciation expense	-	4,530	55,742	919	444	7,306	-	68,941
Disposal	-	-	( 14,714)	( 1,150)	-	( 205)	-	( 16,069)
Balance at December 31, 2023	-	<u>207,397</u>	<u>1,202,786</u>	<u>4,860</u>	<u>7,632</u>	<u>75,318</u>	-	<u>1,497,993</u>
Carrying amount at December 31, 2023	<u>\$ 75,652</u>	<u>\$ 71,014</u>	<u>\$ 460,221</u>	<u>\$ 1,422</u>	<u>\$ 1,013</u>	<u>\$ 25,073</u>	<u>\$ 881</u>	<u>\$ 635,276</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 75,652	\$ 278,411	\$ 1,625,857	\$ 6,820	\$ 7,978	\$ 80,152	\$ 91,225	\$ 2,166,095
Addition	-	-	235,587	612	890	13,132	2,237	252,458
Disposal	-	-	( 402,167)	-	( 743)	( 303)	-	( 403,213)
Reclassification	-	-	90,611	-	-	344	( 90,955)	-
Balance at December 31, 2022	<u>75,652</u>	<u>278,411</u>	<u>1,549,888</u>	<u>7,432</u>	<u>8,125</u>	<u>93,325</u>	<u>2,507</u>	<u>2,015,340</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	-	198,221	1,519,896	4,249	7,754	63,191	-	1,793,311
Depreciation expense	-	4,646	35,568	842	177	5,320	-	46,553
Disposal	-	-	( 393,706)	-	( 743)	( 294)	-	( 394,743)
Balance at December 31, 2022	-	<u>202,867</u>	<u>1,161,758</u>	<u>5,091</u>	<u>7,188</u>	<u>68,217</u>	-	<u>1,445,121</u>
Carrying amount at December 31, 2022	<u>\$ 75,652</u>	<u>\$ 75,544</u>	<u>\$ 388,130</u>	<u>\$ 2,341</u>	<u>\$ 937</u>	<u>\$ 25,108</u>	<u>\$ 2,507</u>	<u>\$ 570,219</u>

Impairment loss was not recognized nor reversed for the years ended December 31, 2023 and 2022.

The items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives of the assets:

Buildings	
Main buildings	10-50 years
Elevators	8-15 years
Decorating constructions	3-10 years
Machinery and equipment	2-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Miscellaneous equipment	3-10 years

Refer to Note 31 for the carrying amount of owner-occupied property, plant and equipment pledged by the Company to secure borrowings.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Buildings	\$ 1,594	\$ 2,108
Transportation equipment	<u>504</u>	<u>1,996</u>
	<u>\$ 2,098</u>	<u>\$ 4,104</u>

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>994</u>
Depreciation expense for right-of-use assets		
Buildings	\$ 514	\$ 484
Transportation equipment	<u>1,492</u>	<u>1,464</u>
	\$ <u>2,006</u>	\$ <u>1,948</u>

Except for the additions and the depreciation expenses listed above, there was no significant sublease and no indication of impairment of the right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Current	\$ <u>1,028</u>	\$ <u>2,007</u>
Non-current	\$ <u>1,069</u>	\$ <u>2,098</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Buildings	1.9%	1.9%
Transportation equipment	1.9%	1.9%

c. Material lease-in activities and terms

The Company leases certain transportation equipment with lease terms of 3 years. The Company does not have bargain purchase options to acquire the transportation equipment at the end of the lease terms.

The Company also leases certain buildings for the use of warehouses and dormitories with lease terms of 4 to 5 years. The Company does not have bargain purchase options to acquire these buildings at the end of the lease terms.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to low-value asset leases	\$ <u>260</u>	\$ <u>266</u>
Total cash outflows for leases	<u>(\$ 2,329)</u>	<u>(\$ 2,297)</u>

The Company's leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus does not recognize right-of-use assets and lease liabilities for these leases.

## 16. INTANGIBLE ASSETS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Carrying value of computer software	\$ <u>3,717</u>	\$ <u>5,326</u>
		<b>Computer Software</b>
<u>Cost</u>		
Balance at January 1, 2023		\$ 9,484
Addition		1,939
Disposal		( 4,396)
Balance at December 31, 2023		<u>7,027</u>
<u>Accumulated amortization</u>		
Balance at January 1, 2023		4,158
Amortization expense		3,548
Disposal		( 4,396)
Balance at December 31, 2023		<u>3,310</u>
Carrying amount at December 31, 2023		\$ <u>3,717</u>
<u>Cost</u>		
Balance at January 1, 2022		\$ 4,953
Addition		5,448
Disposal		( 917)
Balance at December 31, 2022		<u>9,484</u>
<u>Accumulated amortization</u>		
Balance at January 1, 2022		2,335
Amortization expense		2,740
Disposal		( 917)
Balance at December 31, 2022		<u>4,158</u>
Carrying amount at December 31, 2022		\$ <u>5,326</u>
Impairment loss was not recognized nor reversed for the years ended December 31, 2023 and 2022.		
The intangible assets are amortized on a straight-line basis over the following estimated useful lives of the assets:		
Computer software		1-5 years

## 17. OTHER NON-CURRENT ASSETS

	December 31	
	2023	2022
Prepayments for equipment	\$ 30,389	\$ 82,891
Refundable deposits	7,027	7,070
Net defined benefit assets (Note 21)	<u>6,265</u>	<u>4,211</u>
	<u>\$ 43,681</u>	<u>\$ 94,172</u>

## 18. BORROWINGS

### a. Short-term borrowings

	December 31	
	2023	2022
Unsecured borrowings	<u>\$ 58,432</u>	<u>\$ 79,036</u>
Interest rate	4.75%~6.45%	1.75%~5.22%

### b. Long-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Syndicated borrowing -		
Mega International Commercial Bank, et al.	\$ 400,000	\$ 400,000
Less: Current portion	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 400,000</u>	<u>\$ 400,000</u>

Syndicated loan from Mega International Commercial Bank, et al.: In December, 2021, the Company obtained an unsecured borrowing of \$1,000,000 thousand for 7 years from a banking syndicate comprising Mega International Commercial Bank, Taiwan Cooperative Bank, Taipei Fubon Commercial Bank, Land Bank of Taiwan, Hua Nan Commercial Bank, E.SUN Bank, The Bank of East Asia, CTBC Bank and the Shanghai Commercial & Savings Bank, Ltd. The maximum term of loans shall not exceed 180 days, and the loan shall be repaid by the maturity date. According to the contract, the loan can be used on a revolving basis and does not need to go through a capital transfer process if the amount remains the same.



Related information as of December 31, 2023 and 2022 was as follows:

	<b>Credit Line</b>	<b>Amount to Be Paid</b>	<b>Interest Rate</b>	<b>Repayment</b>
<u>December 31, 2023</u>				
Unsecured borrowing	\$ 1,000,000	\$ 400,000	2.1604%	The credit line balance begins to diminish 60 months after the date the loan is obtained, and the credit line will diminish every 12 months for a total of 3 times. For the first and the second times, the credit line will diminish by 10% of the total credit limit, and the remaining credit line balance will diminish on the third time. If the principal amount exceeds the diminishing credit line balance on certain dates, the Company should pay the bank lenders the excess amount.
<u>December 31, 2022</u>				
Unsecured borrowing	\$ 1,000,000	\$ 400,000	1.797%~ 1.8589%	The credit line balance begins to diminish 60 months after the date the loan is obtained, and the credit line will diminish every 12 months for a total of 3 times. For the first and the second times, the credit line will diminish by 10% of the total credit limit, and the remaining credit line balance will diminish on the third time. If the principal amount exceeds the diminishing credit line balance on certain dates, the Company should pay the bank lenders the excess amount.

Under the borrowing agreement, certain financial ratios (i.e., current ratio, debt to asset ratio, interest coverage and net tangible assets) based on audited annual and semiannual consolidated financial statements of the Company must be in accordance with the criteria stated in the agreements. As of December 31, 2023 and 2022, the Company had met all such criteria.

## 19. ACCOUNTS PAYABLE

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Accounts payable - operating	<u>\$ 38,768</u>	<u>\$ 44,593</u>

The average credit period for purchases was 90 to 120 days. The Company has established financial risk management policies to ensure that all payables are repaid within pre-agreed credit periods.

## 20. OTHER PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Accrued payroll and employee benefits	\$ 174,909	\$ 168,888
Compensation of employees and remuneration of directors and supervisors	103,433	157,725
Payable for purchase of equipment	13,122	49,950
Payable for annual leave	6,236	6,651
Others	<u>24,829</u>	<u>24,504</u>
	<u>\$ 322,529</u>	<u>\$ 407,718</u>

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Pension expenses for these defined contribution plans are classified under the following accounts:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	<u>\$ 5,422</u>	<u>\$ 5,848</u>
Operating expenses	<u>\$ 4,627</u>	<u>\$ 4,441</u>

### b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund of the Company raised in accordance with the Labor Standards Act was sufficient. With the approval of the competent authority in April 2022, the contribution was suspended from May 2022 to April 2023. With the approval of the competent authority in April 2023, the contribution was suspended from May 2023 to April 2024. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"). The Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 26,636	\$ 27,993
Fair value of plan assets	( 32,901)	( 32,204)
Surplus	(\$ 6,265)	(\$ 4,211)
Net defined benefit assets	(\$ 6,265)	(\$ 4,211)

Movements in net defined benefit liability (asset) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2022	\$ 28,830	(\$ 32,865)	(\$ 4,035)
Net interest expenses (income)	187	( 213)	( 26)
Recognized in profit or loss	187	( 213)	( 26)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 2,612)	( 2,612)
Actuarial loss - changes in financial assumptions	2,053	-	2,053
Actuarial loss - experience adjustments	409	-	409
Recognized in other comprehensive income	2,462	( 2,612)	( 150)
Benefits paid	( 3,486)	3,486	-
Balance at December 31, 2022	27,993	( 32,204)	( 4,211)
Net interest expenses (income)	350	( 403)	( 53)
Recognized in profit or loss	350	( 403)	( 53)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 294)	( 294)
Actuarial gain - experience adjustments	( 1,707)	-	( 1,707)
Recognized in other comprehensive income	( 1,707)	( 294)	( 2,001)
Benefits paid	-	-	-
Balance at December 31, 2023	\$ 26,636	(\$ 32,901)	(\$ 6,265)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rates	1.25%	1.25%
Expected rates of salary increase	2.50%	2.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate		
0.25% increase	(\$ 487)	(\$ 662)
0.25% decrease	\$ 502	\$ 688
Expected rate of salary increase		
1% increase	\$ 2,060	\$ 2,857
1% decrease	(\$ 1,857)	(\$ 2,493)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
The expected contributions to the plan for the next year	\$ -	\$ -
The average duration of the defined benefit obligation	9.8 years	12.3 years

## 22. EQUITY

### a. Share capital - ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Registered shares (thousands)	300,000	300,000
Registered capital	\$3,000,000	\$3,000,000
Issued shares (thousands)	142,181	142,181
Issued capital	\$1,421,805	\$1,421,805

The par value of the issued ordinary shares is NT\$10. Each share entitles its holder to a right to vote and to receive dividends.

Of the authorized capital, a total of 30,000 thousand shares should be reserved for employee share option plan, preference shares with warrant attached and bonds with warrant attached.

b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$1,190,843	\$1,190,843
Exercise of employee share options	8,992	8,992
Expiry of employee share options	8,408	8,408
May be used to offset a deficit only		
Changes in percentage of ownership interest in subsidiaries (2)	<u>19,395</u>	<u>19,395</u>
	<u>\$1,227,638</u>	<u>\$1,227,638</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. To distribute dividends and bonuses in cash, the board of directors is authorized to adopt a special resolution, and a report of such distribution should be submitted in the shareholders' meeting.

For the conditions on distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 24, d.

To meet the requirements for future operational expansion and financial structure and to satisfy the shareholders' need for cash inflow, the Company's dividend policy states that total dividends should be at least 20% of net income and cash dividends should be at least 10% of total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 approved in the shareholders' meetings on May 31, 2023 and June 9, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>Year Ended December 31</b>		<b>Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 33,510	\$ 44,677		
Special reserve (reversed)	( 57,754)	17,915		
Cash dividends	284,361	327,015	\$ 2.00	\$ 2.30

The appropriation of cash dividends for 2022 was resolved by the Company's board of directors on February 20, 2023; the other proposed appropriation was resolved by the shareholders in their meeting on May 31, 2023.

The appropriation of earnings for 2023 was proposed by the Company's board of directors on February 27, 2024. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$	
Special reserve appropriated	62,921	
Cash dividends	113,744	\$ 0.80

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 27, 2024.

d. Other equity items

Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 16,734	\$ 13,741
Recognized for the year		
Unrealized gain (loss)	1,445	1,627
Share of subsidiaries accounted for using the equity method	<u>687</u>	<u>1,366</u>
Balance at December 31	<u>\$ 18,866</u>	<u>\$ 16,734</u>

## 23. REVENUE

### a. Contact balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivables (Note 10)	<u>\$ 3,003</u>	<u>\$ 3,424</u>	<u>\$ 15,849</u>
Accounts receivable (Note 10)	<u>\$ 137,319</u>	<u>\$ 178,605</u>	<u>\$ 198,388</u>
Accounts receivable - related parties (Note 30)	<u>\$ 72,126</u>	<u>\$ 46,536</u>	<u>\$ 124,013</u>

### b. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Precision metal products and processing services	\$ 702,658	\$ 855,383
Others	<u>107,109</u>	<u>201,242</u>
	<u>\$ 809,767</u>	<u>\$ 1,056,625</u>

## 24. NET PROFIT

### a. Depreciation and amortization expenses

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
An analysis of depreciation by function		
Operating costs	\$ 57,954	\$ 36,693
Operating expenses	<u>12,993</u>	<u>11,808</u>
	<u>\$ 70,947</u>	<u>\$ 48,501</u>
An analysis of amortization by function		
Operating costs	\$ 1,055	\$ 1,171
General and administrative expenses	<u>2,493</u>	<u>1,569</u>
	<u>\$ 3,548</u>	<u>\$ 2,740</u>

### b. Other operating income and expenses

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Gain on disposal of property, plant and equipment	<u>\$ 18,877</u>	<u>\$ 15,933</u>

The gains on disposal of property, plant and equipment for the year ended December 31, 2023 were gains on disposal of \$307 thousand and realized deferred revenue of \$18,570 thousand during the year. The gains on disposal of property, plant and equipment for the year ended December 31, 2022 were gains on disposal of \$4,580 thousand and realized deferred revenue of \$11,353 thousand during the year.

c. Employee benefit expenses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefit (Note 20)		
Defined contribution plans	\$ 10,049	\$ 10,289
Defined benefit plans	( 53)	( 26)
	9,996	10,263
Payroll expenses	248,914	329,559
Labor and health insurance expenses	24,474	24,697
Remuneration to directors	6,091	14,672
Other employee benefits	4,061	8,592
Total employee benefit expenses	<u>\$ 293,536</u>	<u>\$ 387,783</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 171,399	\$ 215,820
Operating expenses	<u>122,137</u>	<u>171,963</u>
	<u>\$ 293,536</u>	<u>\$ 387,783</u>

d. Compensation of employees and remuneration of directors

The Company accrued compensation of employees at a rate between 1% to 25% and remuneration of directors at a rate no higher than 3% of net profit before income tax, compensation of employees, and remuneration of directors pursuant to the Articles of Incorporation. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on February 27, 2024 and February 20, 2023, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	15.0%	15.0%
Remuneration of directors	2.5%	2.5%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 33,347	\$ 85,407
Remuneration of directors	5,558	14,234

If there is a change in the amounts after the annual parent company only financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.



Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the TWSE.

- e. Gain or loss on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign currency exchange gains	\$ 13,971	\$ 34,610
Foreign currency exchange losses	( 15,529)	( 30,563)
Net gain (loss)	<u>(\$ 1,558)</u>	<u>\$ 4,047</u>

## 25. INCOME TAXES

- a. Major components of tax expense recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current tax</u>		
In respect of the current year	\$ 119,890	\$ 153,649
Income tax on unappropriated earnings	3,749	2,858
Adjustments for prior year	( 20,350)	( 10,340)
	103,289	146,167
<u>Deferred tax</u>		
In respect of the current year	<u>116,145</u>	<u>( 8,673)</u>
Income tax expense recognized in profit or loss	<u>\$ 219,434</u>	<u>\$ 137,494</u>

A reconciliation of accounting profit and income tax expense was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	<u>\$ 183,408</u>	<u>\$ 469,739</u>
Income tax expense calculated at the statutory rate	\$ 36,682	\$ 93,948
Nondeductible expenses in determining taxable income	2,996	-
Non-taxable income	( 27,319)	( 65,201)
Income tax on unappropriated earnings	3,749	2,858
Adjustments for prior years' tax	( 20,350)	( 10,340)
Unrecognized share of profit of subsidiaries accounted for using the equity method	167,599	-
Adjustments for deferred tax of transactions between group entities	<u>56,077</u>	<u>116,229</u>
Income tax expense recognized in profit or loss	<u>\$ 219,434</u>	<u>\$ 137,494</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	\$ <u>400</u>	\$ <u>31</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax liabilities		
Income tax payable	\$ <u>64,424</u>	\$ <u>81,269</u>

The balances of current tax liabilities on December 31, 2023 and 2022 are net amounts after deducting related prepaid tax.

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Ending Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Deferred revenue	\$ 31,817	(\$ 7,870)	\$ -	\$ 23,947
Loss of subsidiaries accounted for using the equity method	5,054	680	-	5,734
Write-down of inventories	4,596	644	-	5,240
Others	<u>3,765</u>	<u>284</u>	( <u>400</u> )	<u>3,649</u>
	<u>\$ 45,232</u>	( <u>\$ 6,262</u> )	( <u>\$ 400</u> )	<u>\$ 38,570</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	\$ -	\$ 109,677	\$ -	\$ 109,677
Pension expenses difference between financial accounting and taxation	1,297	9	-	1,306
Others	<u>-</u>	<u>197</u>	<u>-</u>	<u>197</u>
	<u>\$ 1,297</u>	<u>\$ 109,883</u>	<u>\$ -</u>	<u>\$ 111,180</u>

For the year ended December 31, 2022

	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Ending Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Deferred revenue	\$ 23,808	\$ 8,009	\$ -	\$ 31,817
Loss of subsidiaries accounted for using the equity method	5,365	( 311 )	-	5,054
Write-down of inventories	4,634	( 38 )	-	4,596
Others	<u>2,899</u>	<u>897</u>	( <u>31</u> )	<u>3,765</u>
	<u>\$ 36,706</u>	<u>\$ 8,557</u>	( <u>\$ 31</u> )	<u>\$ 45,232</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized foreign exchange gains	\$ 122	( \$ 122 )	\$ -	\$ -
Pension expenses difference between financial accounting and taxation	<u>1,291</u>	<u>6</u>	<u>-</u>	<u>1,297</u>
	<u>\$ 1,413</u>	( <u>\$ 116</u> )	<u>\$ -</u>	<u>\$ 1,297</u>

e. Income tax assessments

Income tax returns of the Company through 2021 have been examined and cleared by the tax authorities.

## 26. EARNINGS (LOSS) PER SHARE

The earnings (losses) and weighted average number of ordinary shares outstanding that were used in the computation of earnings (loss) per share were as follows:

### Net Profit (Loss) for the Year

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Profit (loss) for the year	( <u>\$ 36,026</u> )	<u>\$ 332,245</u>

**Weighted average number of ordinary shares outstanding (in thousand shares)**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares in computation of basic earnings per share	<u>142,181</u>	142,181
Effect of potentially dilutive ordinary shares:		
Compensation of employees		<u>3,113</u>
Weighted average number of ordinary shares in computation of diluted earnings per share		<u>145,294</u>

The Company may settle compensation paid to employees in cash or shares; therefore, the Company assumes the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

As the Company generated net loss for the year ended December 31, 2023, diluted loss per share was not calculated due to the anti-dilutive effect.

**27. PARTIAL CASH TRANSACTIONS**

a. Non-cash transaction

For the years ended December 31, 2023 and 2022, the Company entered into the following partial cash investing activities, which were not reflected in the parent company only statements of cash flows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash paid for property, plant and equipment acquisition		
Increase in property, plant and equipment	\$ 133,998	\$ 252,458
Net change in prepayments for equipment	( 52,502)	48,839
Net change in payable for purchase of equipment	<u>36,828</u>	<u>( 44,672)</u>
Cash paid	<u>\$ 118,324</u>	<u>\$ 256,625</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	<b>Beginning Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>			<b>Ending Balance</b>
			<b>New Leases</b>	<b>Termination of Leases</b>	<b>Foreign Exchange</b>	
Short-term borrowings	\$ 79,036	(\$ 18,359)	\$ -	\$ -	(\$ 2,245)	\$ 58,432
Long-term borrowings	400,000	-	-	-	-	400,000
Guarantee deposits received	10,751	( 1)	-	-	-	10,750
Lease liabilities	<u>4,105</u>	<u>( 2,008)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,097</u>
	<u>\$493,892</u>	<u>(\$ 20,368)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,245)</u>	<u>\$471,279</u>

For the year ended December 31, 2022

	<b>Beginning Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>			<b>Ending Balance</b>
			<b>New Leases</b>	<b>Termination of Leases</b>	<b>Foreign Exchange</b>	
Short-term borrowings	\$ 67,019	\$ 11,264	\$ -	\$ -	\$ 753	\$ 79,036
Long-term borrowings	600,000	( 200,000)	-	-	-	400,000
Guarantee deposits received	9,691	1,060	-	-	-	10,751
Lease liabilities	<u>5,072</u>	<u>( 1,947)</u>	<u>994</u>	<u>( 14)</u>	<u>-</u>	<u>4,105</u>
	<u>\$681,782</u>	<u>(\$189,623)</u>	<u>\$ 994</u>	<u>(\$ 14)</u>	<u>\$ 753</u>	<u>\$493,892</u>

## 28. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balances.

## 29. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities not measured at fair value in the parent company only financial statements approximate their fair values (or their fair values cannot be reliably measured).

- b. Fair value of financial instruments that are measured at fair value on a recurring basis

- 1) Fair value hierarchy

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 1,007	\$ -	\$ 1,007
Accounts receivable - related parties	-	-	17,582	17,582
Other receivables	<u>-</u>	<u>-</u>	<u>5,712</u>	<u>5,712</u>
	<u>\$ -</u>	<u>\$ 1,007</u>	<u>\$ 23,294</u>	<u>\$ 24,301</u>
<u>Financial assets at FVTOCI</u>				
Listed shares	<u>\$ 39,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,392</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial instruments	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 24</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 287	\$ -	\$ 287
Accounts receivable - related parties	-	-	14,140	14,140
Other receivables	-	-	5,221	5,221
	<u>\$ -</u>	<u>\$ 287</u>	<u>\$ 19,361</u>	<u>\$ 19,648</u>

Financial assets at FVTOCI

Listed shares	<u>\$ 37,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,947</u>
---------------	------------------	-------------	-------------	------------------

Financial liabilities at  
FVTPL

Derivative financial instruments	<u>\$ -</u>	<u>\$ 506</u>	<u>\$ -</u>	<u>\$ 506</u>
-------------------------------------	-------------	---------------	-------------	---------------

There were no transfers between Levels 1 and 2 in 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets	Financial Instruments at FVTPL
Balance at January 1, 2023	\$ 19,361
Purchases	186,183
Settlements	( 182,250)
Balance at December 31, 2023	<u>\$ 23,294</u>

For the year ended December 31, 2022

Financial Assets	Financial Instruments at FVTPL
Balance at January 1, 2022	\$ 16,053
Purchases	178,364
Settlements	( 175,056)
Balance at December 31, 2022	<u>\$ 19,361</u>

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets are determined as follows:

- a) The fair values of listed shares are determined at their net asset value at the end of the reporting period.

- b) Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. The use of estimates and hypotheses of valuation method the Company adopts is in consistent with the market participants, when pricing such financial instruments.
- c) For accounts receivable - related parties and part of other receivables that are measured at FVTPL, the fair value is measured according to the original invoice amount and the effect of discounting is immaterial.
- c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Fair value through profit or loss		
Mandatorily classified as at FVTPL	\$ 24,301	\$ 19,648
Financial assets at amortized cost (Note 1)	411,035	479,237
Financial assets at FVTOCI	39,392	37,947
<u>Financial liabilities</u>		
Fair value through profit or loss		
Held for trading	24	506
At amortized cost (Note 2)	528,235	586,424

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, part of accounts receivable - related parties and part of other receivables.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payables, accounts payable - related parties, part of other payables and long-term borrowings.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, accounts payables, borrowings and lease liabilities. The Company's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates and other price risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Approximately 57% of the Company's sales were denominated in currencies other than the functional currency of the Company, and almost 58% of costs were denominated in currencies other than the functional currency of the Company.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Notes 7 and 32.

Sensitivity analysis

The Company was mainly exposed to U.S. dollars, Korea won, and Japanese yen.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthen 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>U.S. Dollars</b>		<b>Korea Won</b>		<b>Japanese Yen</b>	
	<b>USD:NTD</b>		<b>KRW:NTD</b>		<b>JPY:NTD</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit (loss)	(\$ 555)	(\$ 690)	\$ -	\$ -	(\$ 10)	(\$ 24)

This was mainly attributable to the exposure outstanding on U.S. dollars, Korea won and Japanese yen cash in the bank, bank loans, receivables and payables.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rate risks at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 114,353	\$ 68,859
Financial liabilities	2,098	4,105
Cash flows interest rate risk		
Financial assets	88,429	150,161
Financial liabilities	458,432	479,036



### Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rate risks for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$925 thousand and \$822 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate risks on its demand deposits and variable-rate borrowings.

#### c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,970 thousand and \$1,897 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

#### 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation, is primary from the book value of its financial assets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's concentration of credit risk of 46.99% and 43.23% in total trade receivables as of December 31, 2023 and 2022, respectively, were related to the Company's five largest customers.

#### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. As of December 31, 2023 and 2022, the available borrowing facilities were \$1,284,388 thousand and \$1,313,784 thousand, respectively.

The Company manages liquidity risk by maintaining adequate bank balance and banking facilities, and continuously monitoring forecast and actual cash flows as well as the maturity profiles of financial assets and liabilities.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The Company's noninterest-bearing liabilities pertaining on non-derivative financial liabilities are paid in succession within one year.

The following table details the Company's remaining maturity for its borrowings with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

Borrowings with the possibility of immediate repayment are listed in the earliest date in the table below. The possibilities of banks exercising their rights for immediate repayment were not taken into account.

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>Non-derivative financial liabilities</u>				
Lease liabilities	\$ 172	\$ 345	\$ 540	\$ 1,094
Variable interest rate liabilities	<u>15,751</u>	<u>21,648</u>	<u>21,032</u>	<u>400,000</u>
	<u>\$ 15,923</u>	<u>\$ 21,993</u>	<u>\$ 21,572</u>	<u>\$ 401,094</u>

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>Non-derivative financial liabilities</u>				
Lease liabilities	\$ 172	\$ 345	\$ 1,551	\$ 2,150
Variable interest rate liabilities	<u>13,690</u>	<u>65,346</u>	<u>-</u>	<u>400,000</u>
	<u>\$ 13,862</u>	<u>\$ 65,691</u>	<u>\$ 1,551</u>	<u>\$ 402,150</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross cash inflows and outflows on derivatives that require gross settlement.

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>Gross settled</u>				
Forward exchange contracts				
Inflows	\$ 8,082	\$ 20,439	\$ 15,562	\$ -
Outflows	( 8,004)	( 19,950)	( 15,146)	-
	<u>\$ 78</u>	<u>\$ 489</u>	<u>\$ 416</u>	<u>\$ -</u>

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>Gross settled</u>				
Forward exchange contracts				
Inflows	\$ 6,146	\$ 45,208	\$ 6,497	\$ -
Outflows	( 6,196)	( 45,337)	( 6,536)	-
	<u>(\$ 50)</u>	<u>(\$ 129)</u>	<u>(\$ 39)</u>	<u>\$ -</u>

e. Transfers of financial assets

For factored trade receivables for the years ended December 31, 2023 and 2022, refer to Note 10.

### 30. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. The Company's related parties

<u>Related Party</u>	<u>Relationship with the Company</u>
Subsidiaries	
Raypoint Precision Tools Co., Ltd.	Subsidiary
Warpspeed Corporation (B.V.I.)	Subsidiary
Topoint Technology Co., Ltd. (B.V.I.)	Subsidiary
Topoint Japan Co., Ltd.	Subsidiary
Unipoint Technology Co., Ltd.	Subsidiary
Drilltek Corporation	Subsidiary
Cosmos Vacuum Technology Corporation	Subsidiary
Shanghai Topoint Precision Technology Co., Ltd.	Second-tier subsidiary
Sharpoint Technology (Qinhuangdao) Co., Ltd.	Second-tier subsidiary
Sharpoint Technology (Shenzhen) Co., Ltd.	Second-tier subsidiary
Sharpoint Technology (Suzhou) Co., Ltd.	Second-tier subsidiary
Kunshan Topoint Technology Co., Ltd.	Third-tier subsidiary
Chengdu Raypoint Precision Tools Co., Ltd.	Third-tier subsidiary

<b>Related Party</b>	<b>Relationship with the Company</b>
Other related parties	
Unimicron Technology Corporation	The parent company of the equity-method investor of Unipoint Technology Co., Ltd.
Qun Hong Technology Inc.	Subsidiary of Unimicron Technology Corporation
Key management personnel	
Macking International Investment Corporation	Director of the Company

b. Operating revenue

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
Shanghai Topoint Precision Technology Co., Ltd.	\$ 89,321	\$ 97,347
Raypoint Precision Tools Co., Ltd.	85,990	159,953
Others	70,021	72,512
Other related parties	<u>167,356</u>	<u>167,841</u>
	<u>\$ 412,688</u>	<u>\$ 497,653</u>

c. Purchases of goods

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
Shanghai Topoint Precision Technology Co., Ltd.	\$ 15,442	\$ 13,491
Others	49,546	31,741
Other related parties	<u>7,226</u>	<u>6,048</u>
	<u>\$ 72,214</u>	<u>\$ 51,280</u>

For operating revenue and purchases of goods, the terms and prices of transactions between the Company and other related parties were not significantly different from the ones of non-related party transactions. The prices and settlements of transactions with related parties were based on mutual agreement.

d. General and administrative - service fees

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Key management personnel		
Macking International Investment Corporation	<u>\$ 466</u>	<u>\$ 2,800</u>

The Company paid for the consulting fee to Macking International Investment Corporation.

e. Lease-in agreement

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Lease expense</u>		
Subsidiaries	\$ 1,200	\$ 1,200

The Company leased buildings for the use of plants from subsidiaries with a lease term of 1 year. As of December 31, 2023 and 2022, the future lease payments amounted to \$1,200 thousand.

f. Lease-out agreement

Operating lease

The Company leased out the right to use machinery and equipment as well as office spaces to Topoint Japan Co., Ltd. and other subsidiaries under operating lease with a lease term of 1 year. The rents were payable monthly based on mutual agreement.

Lease payments receivable in the future is summarized below.

Related Party Category/Name	December 31	
	2023	2022
Subsidiaries		
Topoint Japan Co., Ltd.	\$ 3,388	\$ 3,625
Others	36	36
	<u>\$ 3,424</u>	<u>\$ 3,661</u>

Rental income is summarized as follows:

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries		
Topoint Japan Co., Ltd.	\$ 3,460	\$ 3,559
Others	36	36
	<u>\$ 3,496</u>	<u>\$ 3,595</u>

g. Other income

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries		
Unipoint Technology Co., Ltd.	\$ 7,200	\$ 7,200
Topoint Japan Co., Ltd.	2,661	2,738
Others	<u>1,920</u>	<u>1,920</u>
	<u>\$ 11,781</u>	<u>\$ 11,858</u>

Other income was mostly service revenue from subsidiaries.

h. Receivables from related parties

Financial Statement Account	Related Party Category/Name	December 31	
		2023	2022
<u>Accounts receivable</u>	Subsidiaries		
	Shanghai Topoint Precision Technology Co., Ltd.	\$ 14,295	\$ 5,270
	Raypoint Precision Tools Co., Ltd.	12,404	2,119
	Drilltek Corporation	12,900	12,388
	Unipoint Technology Co., Ltd.	7,226	2,424
	Others	7,719	5,184
	Other related parties		
	Unimicron Technology Corporation	17,582	14,140
	Others	-	5,011
		<u>\$ 72,126</u>	<u>\$ 46,536</u>

The accounts receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for accounts receivables from related parties.

i. Refundable deposits (recognized under other non-current assets)

Related Party Category/Name	December 31	
	2023	2022
Subsidiaries	<u>\$ 300</u>	<u>\$ 300</u>

j. Payables to related parties

Related Party Category/Name	December 31	
	2023	2022
Subsidiaries		
Shanghai Topoint Precision Technology Co., Ltd.	\$ 2,700	\$ 1,555
Cosmos Vacuum Technology Corporation	13,939	9,250
Others	120	56
Other related parties	<u>756</u>	<u>670</u>
	<u>\$ 17,515</u>	<u>\$ 11,531</u>

The accounts payable to related parties are unsecured.

k. Guarantee deposits received

Related Party Category/Name	December 31	
	2023	2022
Subsidiaries	<u>\$ 3</u>	<u>\$ 3</u>

l. Disposal of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31			
	2023		2022	
	Proceeds	Gain (Loss) on Disposal	Proceeds	Gain (Loss) on Disposal
Subsidiaries				
Shanghai Topoint Precision Technology Co., Ltd.	\$ -	\$ -	\$ 79,600	\$ 77,930

The Company sold machinery and equipment to the subsidiaries and the gain (loss) on disposal was deferred.

m. Endorsement/Guarantee

Endorsement/guarantees provided

Related Party Category/Name	December 31	
	2023	2022
Subsidiaries		
Topoint Technology Co., Ltd. (B.V.I.)		
Amount guaranteed	\$ 92,115	\$ 92,130
Amount utilized	\$ -	\$ -

n. Compensation of key management personnel

Remuneration of directors and key executives was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 15,520	\$ 19,692
Post-employment benefits	108	108
	\$ 15,628	\$ 19,800

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	2022
Property, plant and equipment	\$ 146,666	\$ 151,197

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currency of the Company and the related exchange rates between foreign currencies and the functional currency were as follows:

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,139	30.705 (USD:NTD)	\$ 127,086
KRW	250	0.0239 (KRW:NTD)	6
JPY	16,118	0.2172 (JPY:NTD)	3,501
Non-monetary items			
USD	102,807	30.705 (USD:NTD)	3,156,700
<u>Financial liabilities</u>			
Monetary items			
USD	2,331	30.705 (USD:NTD)	71,579
JPY	103	0.2172 (JPY:NTD)	22

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,246	30.710 (USD:NTD)	\$ 130,384
KRW	1,322	0.0246 (KRW:NTD)	32
JPY	17,055	0.2324 (JPY:NTD)	3,964
Non-monetary items			
USD	119,263	30.710 (USD:NTD)	3,662,565
<u>Financial liabilities</u>			
Monetary items			
USD	1,998	30.710 (USD:NTD)	61,370
JPY	355	0.2324 (JPY:NTD)	83



Unrealized foreign exchange gains (losses) with significant influence were as follows:

For the Year Ended December 31				
2023			2022	
Foreign Currency	Exchange Rate	Unrealized Foreign Exchange Gain (Loss), Net	Exchange Rate	Unrealized Foreign Exchange Gain (Loss), Net
USD	30.705 (USD:NTD)	\$ 6,120	30.710 (USD:NTD)	\$ 3,811
KRW	0.0239 (KRW:NTD)	1	0.0246 (KRW:NTD)	44
JPY	0.2172 (JPY:NTD)	10	0.2324 (JPY:NTD)	(104)
		<u>\$ 6,131</u>		<u>\$ 3,751</u>

### 33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3
- 4) Marketable securities acquired and disposed at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- 9) Trading in derivative instruments: Notes 7 and 29
- 10) Information on investees: Table 5

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 7
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 7
  - c) The amount of property transactions and the amount of the resultant gains or losses: None
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

TOPOINT TECHNOLOGY CO., LTD.

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit	Note
													Item	Value			
1	Topoint Technology Co., Ltd. (B.V.I.)	Topoint Japan Co., Ltd.	Other receivables	Yes	\$ 11,946 (JPY 55,000 thousand)	\$ 11,946 (JPY 55,000 thousand)	\$ 11,946 (JPY 55,000 thousand)	0.60	Short-term financing	\$ -	Operating turnover	\$ -	-	\$ -	\$ 4,331,434 (Note 1)	\$ 4,331,434 (Note 1)	
3	Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Topoint Technology Co., Ltd.	Other receivables	Yes	86,704 (RMB 20,000 thousand)	86,704 (RMB 20,000 thousand)	86,704 (RMB 20,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	4,331,434 (Note 1)	4,331,434 (Note 1)	
		Chengdu Raypoint Precision Tools Co., Ltd.	Other receivables	Yes	4,335 (RMB 1,000 thousand)	4,335 (RMB 1,000 thousand)	1,301 (RMB 300 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	4,331,434 (Note 1)	4,331,434 (Note 1)	
		Sharpont Technology (Qinhuangdao) Co., Ltd.	Other receivables	Yes	130,056 (RMB 30,000 thousand)	130,056 (RMB 30,000 thousand)	108,380 (RMB 25,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	4,331,434 (Note 1)	4,331,434 (Note 1)	

Note 1: The maximum financing allowed between foreign companies in which the Company directly and indirectly held 100% voting shares of is limited to the net worth of the Company as of December 31, 2023.

Note 2: The maximum balance for the period and ending balance were approved by the board of directors.

TABLE 2

TOPOINT TECHNOLOGY CO., LTD.

ENDORSEMENT/GUARANTEE PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given to Each Party	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 3)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent to Subsidiaries (Note 5)	Endorsement/ Guarantee Given by Subsidiaries to Parent (Note 5)	Endorsement/ Guarantee Given to Companies in Mainland China (Note 5)	Note
		Name	Relationship											
0	Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. (B.V.I.)	b.	\$ 2,598,860 (Note 2)	\$ 92,115 (US\$ 3,000 thousand)	\$ 92,115 (US\$ 3,000 thousand)	\$ -	\$ -	2	\$ 4,331,434 (Note 2)	Y	-	-	Note 6

Note 1: Relationships between the endorsement/guarantee provider and the guaranteed party:

- a. A company with business relationship.
- b. A company in which the Company holds directly and indirectly over 50% voting shares.
- c. A company holds directly and indirectly over 50% voting shares of the Company.
- d. Between companies where the Company directly and indirectly holds more than 90% voting shares.
- e. Mutual endorsements/guarantees between companies in the same industry or between joint builders which are provided in accordance with contractual terms for construction projects.
- f. Endorsements/guarantees provided by each shareholder for their jointly invested company in proportion to their shareholding percentages.
- g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The maximum of total endorsement/guarantee provided is limited to the net worth of the Company as of December 31, 2023. The maximum endorsement/guarantee provided for a single party is limited to 60% of the net worth of the Company as of December 31, 2023.

Note 3: The rate is calculated in accordance with the financial statements of the endorsement/guarantee provider.

Note 4: The maximum balance for the period and ending balance were approved by the board of directors.

Note 5: Indicate “Y” if the endorsement/guarantee is given by parent to subsidiaries or by subsidiaries to parent or given to companies in mainland China.

Note 6: Topoint Technology Co., Ltd. provides endorsement/guarantee to Topoint Technology Co., Ltd. (B.V.I.) for short-term operating turnover purpose.

**TABLE 3**

**TOPOINT TECHNOLOGY CO., LTD.**

**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES)**  
**DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Topoint Technology Co., Ltd. (the “Company”)	<u>Shares</u> Zhen Ding Technology Holding Limited	-	Financial assets at fair value through other comprehensive income	363,000	\$ 39,392	0.4	\$ 39,392	Note 2
Unipoint Technology Co., Ltd.	<u>Mutual funds</u> Allianz Global Investors All Seasons Harvest Fund of Bond Funds	-	Financial assets at fair value through profit or loss	2,038,470	25,938	-	25,938	Note 1
	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss	1,645,614	25,390	-	25,390	Note 1
Drilltek Corporation	<u>Shares</u> Chipboard Technology Corporation	-	Financial assets at fair value through other comprehensive income	663,000	15,577	7.73	15,577	Note 2

- Note 1: The fair value of the financial assets at FVTPL was calculated at the net assets value of the mutual fund on December 31, 2023.
- Note 2: The fair value of listed shares of the financial assets at FVTOCI was calculated based on the closing price of the shares as of December 31, 2023. If there is no market for unlisted shares, the estimated market value is assessed based on the fair value evaluation method.
- Note 3: For information of the investment in subsidiaries, refer to Tables 4 and 5.

**TABLE 4**

**TOPOINT TECHNOLOGY CO., LTD.**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable or Payable		Note
			Purchase/ Sale	Amount	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 1)	
Raypoint Precision Tools Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd.	Sales	\$ 103,235	100	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	\$ 19,686	100	(Note 2)
Shanghai Topoint Precision Technology Co., Ltd.	Raypoint Precision Tools Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd.	Purchase	103,235	24	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	( 19,686)	11	(Note 2)
Shanghai Topoint Precision Technology Co., Ltd.	Sharpoint Electronics (Huaian) Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd.	Sales	135,154	13	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	37,587	5	(Note 2)
Sharpoint Electronics (Huaian) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd.	Purchase	135,154	66	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	( 37,587)	71	(Note 2)

Note 1: The rate is calculated in accordance with the financial statements of individual companies.

Note 2: Eliminated upon consolidation.

TABLE 5

TOPOINT TECHNOLOGY CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEs (EXCLUDING INVESTEEs IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 7)
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount (Note 7)		
Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. (B.V.I.)	British Virgin Islands	International investment	\$ 1,772,629	\$ 1,772,629	7,194	100.00	\$ 2,994,103	\$ 131,846	\$ 132,047 (Note 1)
	Unipoint Technology Co., Ltd.	Republic of China	Processing printed circuit board	305,299	305,299	30,696,297	61.76	425,307	( 15,348)	( 9,224) (Note 2)
	Warspeed Corporation (B.V.I.)	British Virgin Islands	International trade	1,569	1,569	50,000	100.00	1,759	1,067	1,067
	Topoint Japan Co., Ltd.	Japan	Selling electronic components	7,667	7,667	600	100.00	( 4,347)	( 4,423)	( 4,423)
	Unipoint Technology Holdings Co., Ltd. (B.V.I.)	British Virgin Islands	International investment	-	-	-	100.00	14	-	-
	Raypoint Precision Tools Co., Ltd.	Republic of Seychelles	International trade	1,511	1,511	50,000	100.00	1,505	( 37)	( 37)
	Drilltek Corporation	Republic of China	Processing printed circuit board	123,482	123,482	7,692,816	58.72	142,198	10,595	4,548 (Note 3)
	Cosmos Vacuum Technology Corporation	Republic of China	Vacuum coating and router bits	278,644	278,644	21,909,063	57.14	254,648	( 6,945)	( 5,756) (Note 4)
Unipoint Technology Co., Ltd.	Topoint Technology (Thailand) Co., Ltd.	Thailand	Manufacturing, selling and processing micro-drills for printed circuit boards	199,866	-	21,776,000	99.80	196,741	( 6)	( 6)
	Topmicron Investment Ltd.	Independent State of Samoa	International investment	-	-	-	100.00	5	-	-
	H&N Technology Co., Ltd.	St. Kitts Nevis	International trade	6,939 (US\$ 200 thousand)	6,939 (US\$ 200 thousand)	200,000	100.00	15,623	377	471 (Note 5)
Cosmos Vacuum Technology Corporation	Cosmos Integration Corp.	St. Kitts Nevis	International investment	241,571 (US\$ 7,422 thousand)	241,571 (US\$ 7,422 thousand)	7,422,000	100.00	221,630	( 2,271)	( 1,989) (Note 6)
	Universal Technology Corp.	St. Kitts Nevis	International investment	215,793 (US\$ 6,630 thousand)	215,793 (US\$ 6,630 thousand)	6,630,000	100.00	221,136	( 2,271)	( 2,271)

Note 1: Investment gain is the investee’s net gain of \$131,846 thousand plus realized profits of \$201 thousand from upstream and side stream intercompany transactions.

Note 2: Investment loss is the investee’s net loss of \$9,480 thousand plus realized profits of \$256 thousand from upstream and side stream intercompany transactions.

Note 3: Investment gain is the investee’s net gain of \$6,221 thousand less amortization of premium of \$1,673 thousand.

Note 4: Investment loss is the investee’s net loss of \$3,968 thousand less unrealized profits of \$550 thousand from upstream intercompany transactions and amortization of premium of \$1,238 thousand.

Note 5: Investment gain is the investee’s net gain of \$377 thousand plus realized profits of \$94 thousand from upstream intercompany transactions.

Note 6: Investment loss is the investee’s net loss of \$2,271 thousand plus realized profits of \$282 thousand from upstream intercompany transactions.

Note 7: The investees’ financial statements used as basis for calculating investment gains (losses) recognized have all been audited.

Note 8: For information on investee companies in mainland China, refer to Table 5.

TABLE 6

## TOPOINT TECHNOLOGY CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee (Note 6)	Ownership % of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Amount as of December 31, 2023 (Note 6)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
						Outflow	Inflow							
Topoint Technology Co., Ltd. (the "Company")	Shanghai Topoint Precision Technology Co., Ltd.	Manufacturing and selling precision equipment and measurement facilities	\$ 1,443,066 (US\$ 44,200 thousand) (Note 1)	Indirect: Through an investment company registered in a third region (Note 2)	\$ 914,337 (US\$ 27,300 thousand)	\$ -	\$ -	\$ 914,337 (US\$ 27,300 thousand)	\$ 50,258	100.00	\$ 50,258	\$ 2,520,424	\$ 862,479 (US\$ 28,122 thousand)	
	Sharpoint Technology (Qinhuangdao) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	250,222 (US\$ 7,800 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	250,222 (US\$ 7,800 thousand)	-	-	250,222 (US\$ 7,800 thousand)	16,860	100.00	16,860	260,980	\$ 134,637 (US\$ 4,271 thousand)	
	Sharpoint Technology (Shenzhen) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	147,583 (US\$ 5,000 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	147,583 (US\$ 5,000 thousand)	-	-	147,583 (US\$ 5,000 thousand)	854	100.00	854	72,008	-	
	Sharpoint Technology (Suzhou) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	177,872 (US\$ 6,000 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	177,872 (US\$ 6,000 thousand)	-	-	177,872 (US\$ 6,000 thousand)	3,882	100.00	3,882	174,689	\$ 60,856 (US\$ 1,908 thousand)	
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	308,875 (US\$ 10,000 thousand) (Note 9)	Indirect: Through an investment company registered in a third region (Note 2)	259,808 (US\$ 8,400 thousand)	-	-	259,808 (US\$ 8,400 thousand)	16,635	100.00 (Note 8)	16,635	317,068 (Note 8)	\$ 54,437 (US\$ 1,707 thousand)	
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting equipment	453,943 (RMB 97,000 thousand) (Note 10)	Indirect: Through an investment company registered in a third region (Note 2)	16,934 (US\$ 555 thousand)	-	-	16,934 (US\$ 555 thousand)	-	- (Note 9)	-	- (Note 9)	-	
Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Restek Technology Co., Ltd.	Manufacturing, processing and selling printed circuit board	30,480 (US\$ 1,000 thousand)	Other (Note 3)	- (Note 3)	-	-	- (Note 3)	-	75.00	-	6	-	
	Kunshan Topoint Technology Co., Ltd.	Drilling bits	97,228 (RMB 20,800 thousand)	Other (Note 3)	- (Note 3)	-	-	- (Note 3)	( 23,470)	100.00	( 23,470)	84,893	-	
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	308,875 (US\$ 10,000 thousand) (Note 9)	Other (Note 3)	- (Note 8)	-	-	- (Note 8)	- (Note 8)	- (Note 8)	- (Note 8)	- (Note 8)	-	
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting equipment	453,943 (RMB 97,000 thousand) (Note 10)	Other (Note 3)	- (Note 9)	-	-	- (Note 9)	( 17,655) (Note 9)	100.00 (Note 9)	( 17,655) (Note 9)	210,421 (Note 9)	-	
	Shanghai Ringpoint Nano Material Co., Ltd.	Processing metal products	58,660 (RMB 12,000 thousand)	Other (Note 3)	- (Note 3)	-	-	- (Note 3)	15,317	75.00	11,488	57,276	-	
Sharpoint Electronics (Huaian) Co., Ltd.	Winpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	25,341 (RMB 5,000 thousand)	Other (Note 4)	- (Note 4)	-	-	- (Note 4)	12,764	100.00	12,764	58,880	-	
Sharpoint Technology (Qinhuangdao) Co., Ltd.	Huangshi Topoint Technology Co., Ltd.	Drilling service	151,732 (RMB 35,000 thousand)	Other (Note 5)	- (Note 5)	-	-	- (Note 5)	( 20)	100.00	( 20)	151,713	-	
Cosmos Vacuum Technology Corporation	Cosmos Electronic Technology (Kunshan) Co., Ltd.	Vacuum coating and router bits	231,752 (US\$ 7,130 thousand)	Indirect: Through an investment company registered in a third region	217,775 (US\$ 6,700 thousand)	-	-	217,775 (US\$ 6,700 thousand)	( 2,271)	100.00	( 2,271)	205,289	-	

(Continued)



Investor Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 10)
Topoint Technology Co., Ltd. (the “Company”)	\$ 1,766,756 (US\$ 55,055 thousand)	\$ 2,271,106 (US\$ 71,105 thousand) (Note 7)	\$ 2,598,860
Cosmos Vacuum Technology Corporation	217,775 (US\$ 6,700 thousand)	241,271 (US\$ 7,422 thousand)	254,557

- Note 1: The amount includes the capitalization of retained earnings of US\$16,700 thousand of Shanghai Topoint Precision Technology Co., Ltd. and US\$200 thousand invested by Topoint Technology Co., Ltd. (B.V.I.).
- Note 2: The investment company registered in a third region is Toping Technology Co., Ltd. (B.V.I.).
- Note 3: Invested and established by the owned fund of Shanghai Topoint Precision Technology Co., Ltd.
- Note 4: Invested and established by the owned fund of Sharpoint Electronics (Huaian) Co., Ltd.
- Note 5: Invested and established by the owned assets of Sharpoint Technology (Qinhuangdao) Co., Ltd.
- Note 6: Net income (loss), investment gain (loss) and carrying amount were recognized on the basis of the investees’ financial statements audited by the independent auditors of the Company.
- Note 7: Investment amounts authorized by Investment Commission under the Ministry of Economic Affairs (MOEA) included the capitalization of retained earnings of US\$16,700 thousand of Shanghai Topoint Precision Technology Co., Ltd., US\$200 thousand invested by Topoint Technology Co., Ltd. (B.V.I.) and US\$771 thousand for purchasing Unipoint Technology Holdings Co., Ltd. (B.V.I.) from Unipoint Technology Co., Ltd.
- Note 8: The investment from Topoint Technology Co., Ltd. (B.V.I.) and Shanghai Topoint Precision Technology Co., Ltd. was US\$8,400 thousand (84%) and US\$1,600 thousand (16%), respectively. The recognition of gains on investment amounted to \$13,973 thousand and \$2,662 thousand, respectively, which led to the ending balance of investment account which was \$266,337 thousand and \$50,731 thousand, respectively.
- Note 9: The investment from Topoint Technology Co., Ltd. (B.V.I.) and Shanghai Topoint Precision Technology Co., Ltd. was RMB6,000 thousand (10%) and RMB54,000 thousand (90%), respectively. Topoint Technology Co., Ltd. (B.V.I.) disposed of 10% of the equity to Shanghai Topoint Precision Technology Co., Ltd. in March 2021; therefore, Shanghai Topoint Precision Technology Co., Ltd. held 100% ownership of Chengdu Raypoint Precision Tools Co., Ltd. In March 2021, the borrowing was converted into capital of RMB37,000 thousand, and the registration of changes was completed in March 2021.
- Note 10: According to rules of the Investment Commission under the MOEA, since the Company’s issued capital is between \$80,000 thousand and \$5,000,000 thousand, the upper limit on the Company’s investment is at the higher of 60% of the net worth or \$80,000 thousand.

(Concluded)

**TABLE 7**

**TOPOINT TECHNOLOGY CO., LTD.**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS AND UNREALIZED GAINS OR LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

No.	Investor Company	Investee Company	Transaction Type	Amount	% to Total Sales or Purchase	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gain/(Loss)	Note
						Payment Terms	Comparison with General Transactions	Ending Balance	% to Total		
0	Topoint Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Sales	\$ 89,321	11	Based on mutual agreement	Based on mutual agreement	\$ 14,295	7	\$ 17,390	Note 1
			Purchase	15,442	5	Based on mutual agreement	Based on mutual agreement	( 2,700)	5	264	Note 1
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	Sales	7,254	1	Based on mutual agreement	Based on mutual agreement	2,882	1	587	Note 1
1	Raypoint Precision Tools Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Sales	85,990	9	Based on mutual agreement	Based on mutual agreement	12,404	5	-	Note 1

Note 1: Besides direct transaction with Shanghai Topoint Precision Technology Co., Ltd. and Sharpoint Technology (Qinhuangdao) Co., Ltd., the Company also conducted transactions indirectly through Raypoint Precision Tools Co., Ltd. with Shanghai Topoint Precision Technology Co., Ltd. The prices and payment terms were based on mutual agreement.

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEM	STATEMENT/INDEX
Major accounting items in assets, liabilities and equity	
Statement of Cash and Cash Equivalents	1
Statement of Notes Receivable	2
Statement of Accounts Receivable	3
Statement of Other Receivables	Note 10
Statement of Inventories	4
Statement of Changes in Investments Accounted for Using the Equity Method	5
Statement of Changes in Property, Plant and Equipment	Note 14
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note 14
Statement of Changes in Right-of-use Assets	6
Statement of Changes in Accumulated Depreciation of Right-of-use Assets	6
Statement of Changes in Intangible Assets	Note 16
Statement of Deferred Tax Assets	Note 25
Statement of Short-term Borrowings	7
Statement of Accounts Payable	8
Statement of Other Payables	Note 20
Statement of Long-term Borrowings	9
Statement of Lease Liabilities	10
Statement of Deferred Tax Liabilities	Note 25
Major accounting items in profit or loss	
Statement of Revenue	11
Statement of Cost of Goods Sold	12
Statement of Operating Expenses	13
Statement of Other Operating Income and Expenses, Net	Note 24
Statement of Labor, Depreciation and Amortization by Function	14

**STATEMENT 1****TOPOINT TECHNOLOGY CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

---

<b>Item</b>	<b>Amount</b>
Cash on hand and petty cash (Note 1)	<u>\$ 445</u>
Bank deposits	
Demand deposits	86,766
Foreign-currency demand deposits at domestic banks (Note 2)	<u>1,663</u>
Subtotal	<u>88,429</u>
Cash equivalents	
Time deposits - 1.080%~2.200% p.a.	<u>104,387</u>
Total	<u>\$ 193,261</u>

Note 1: RMB\$31 thousand, RMB\$1=NT\$4.3352;  
KRW\$250 thousand, KRW\$1=NT\$0.02391;  
JPY\$50 thousand, JPY\$1=NT\$0.2172;  
CHF\$0.6 thousand, CHF\$1=NT\$36.485;  
SGD\$0.2 thousand, SGD\$1=NT\$23.290;  
US\$3 thousand, US\$1=NT\$30.705;  
MMK\$103 thousand, MMK\$1=NT\$0.020; and  
THB\$130 thousand, THB\$1=NT\$0.9017

Note 2: US\$53 thousand, US\$1=NT\$30.705; and  
EUR\$1 thousand, EUR\$1=NT\$33.980

**STATEMENT 2**

**TOPOINT TECHNOLOGY CO., LTD.**

**STATEMENT OF NOTES RECEIVABLE  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

<b>Customer</b>	<b>Amount</b>
Shiun Teng Electronics Co., Ltd.	\$ 1,762
Jia Huah Co., Ltd.	604
Speedy Circuits Co., Ltd.	322
New Era Electronics Co., Ltd.	221
Others (Note)	<u>94</u>
Total	<u><u>\$ 3,003</u></u>

Note: Customers with balances less than 5% of this account are shown in aggregate.

**STATEMENT 3**

**TOPOINT TECHNOLOGY CO., LTD.**

**STATEMENT OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

<b>Customer</b>	<b>Amount</b>
Gold Circuit Electronics Ltd.	\$ 44,820
Tai Hong Circuit Industrial Co., Ltd.	12,992
Unitech Printed Circuit Board Corp.	12,758
Subtron Technology Co., Ltd.	10,695
NEGEN	8,300
Others (Note)	<u>47,754</u>
Total	<u>\$ 137,319</u>

Note: Customers with balances less than 5% of this account are shown in aggregate.

**STATEMENT 4**

**TOPOINT TECHNOLOGY CO., LTD.**

**STATEMENT OF INVENTORIES**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Market Value (Note)</b>
Raw materials	\$ 33,458	\$ 33,620
Supplies	24,627	24,841
Work in process	15,331	34,118
Finished goods	67,790	108,115
Merchandise	<u>6,705</u>	<u>9,254</u>
Net	<u>\$ 147,911</u>	<u>\$ 209,948</u>

Note: Net realizable value

## TOPOINT TECHNOLOGY CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Investee	Balance at January 1		Addition (Disposal)		Exchange Differences on Translation to the Financial Statements of Foreign Operations	Share of Profit or Loss of Subsidiaries Accounted for Using the Equity Method	Deferred Realized (Unrealized) Profit (Note 3)	Share of Other Comprehensive Income of Subsidiaries Accounted for Using the Equity Method	Balance at December 31			Net Asset Value (Notes 4, 5, 6, 7 and 8)	Collateral
	Number of Shares	Amount	Number of Shares	Amount (Note 2)					Number of Shares	Shareholding %	Amount		
Accounted for using the equity method													
Unlisted companies													
Topoint Technology Co., Ltd. (B.V.I.)	7,194	\$ 3,454,973	-	( \$ 579,225 )	( \$ 59,263 )	\$ 132,047	\$ 45,571	\$ -	7,194	100	\$ 2,994,103	\$ 3,155,922	None
Unipoint Technology Co., Ltd.	30,696,297	432,448	-	-	-	( 9,224 )	2,083	-	30,696,297	61.76	425,307	431,992	None
Warpspeed Corporation (B.V.I.)	50,000	692	-	-	-	1,067	-	-	50,000	100	1,759	1,759	None
Topoint Japan Co., Ltd.	600	( 177 )	-	-	16	( 4,423 )	237	-	600	100	( 4,347 )	( 3,151 )	None
Unipoint Technology Holdings Co., Ltd. (B.V.I.)	11,200	14	-	-	-	-	-	-	11,200	100	14	14	None
Raypoint Precision Tools Co., Ltd.	50,000	1,542	-	-	-	( 37 )	-	-	50,000	100	1,505	1,505	None
Drilltek Corporation	7,692,816	154,682	-	( 18,723 )	-	4,548	687	1,004	7,692,816	58.72	142,198	128,447	None
Cosmos Vacuum Technology Corporation	21,909,063	268,179	-	( 5,258 )	( 2,687 )	( 5,756 )	-	170	21,909,063	57.14	254,648	234,555	None
Topoint Technology (Thailand) Co., Ltd.	-	-	21,776,000	<u>199,866</u>	( <u>3,119</u> )	( <u>6</u> )	<u>-</u>	<u>-</u>	21,776,000	99.80	<u>196,741</u>	196,741	
		4,312,353		( <u>\$ 403,340</u> )	( <u>\$ 65,053</u> )	<u>\$ 118,216</u>	<u>\$ 48,578</u>	<u>\$ 1,174</u>			4,011,928		
Credit balance of long-term investment reclassified as other liabilities		<u>177</u>									<u>4,347</u>		
Total		<u>\$ 4,312,530</u>									<u>\$ 4,016,275</u>		

Note 1: The aforementioned information of subsidiaries accounted for using the equity method is recognized based on the subsidiaries' audited financial statements.

Note 2: The Company received dividends of \$329,296 thousand, \$134,636 thousand, \$60,856 thousand, \$54,437 thousand from Shanghai Topoint Precision Technology Co., Ltd., Sharpoint Technology (Qinhuangdao) Co., Ltd., Sharpoint Technology (Suzhou) Co., Ltd. and Sharpoint Electronics (Huaian) Co., Ltd., respectively, in 2023. The Company received dividends of \$18,723 thousand and \$5,258 thousand from Drilltek Corporation and Cosmos Vacuum Technology Corporation, respectively, in 2023. The Company acquired 3,000,000 shares and 18,776,000 shares of Topoint Technology (Thailand) Co., Ltd. with cash of \$27,690 thousand and \$172,176 thousand in September and November 2023, respectively.

Note 3: Deferred realized (unrealized) profit includes realized (unrealized) gain from sales to subsidiaries and purchase of equipment on behalf of subsidiaries.

Note 4: The difference between the carrying amount of Topoint Technology Co., Ltd. (B.V.I.) and its net assets value is because of the unrealized profits of \$14,070 thousand from upstream and side stream transactions and unrealized deferred profits of \$147,749 thousand from downstream transactions.

Note 5: The difference between the carrying amount of Unipoint Technology Co., Ltd. and its net assets value is because of the unrealized profits of \$3,664 thousand from side stream transactions and unrealized deferred profits of \$3,021 thousand from downstream transactions.

Note 6: The difference between the carrying amount of Topoint Japan Co., Ltd. and its net assets value is because of the unrealized deferred profits of \$1,196 thousand from downstream transactions.

Note 7: The difference between the carrying amount of Drilltek Corporation and its net assets value is because of the fair value difference between the acquisition cost and the identifiable assets and liabilities acquired of (\$14,406) thousand and unrealized deferred profits of \$655 thousand from downstream transactions.

Note 8: The difference between the carrying amount of Cosmos Vacuum Technology Corporation and its net assets value is because of the net fair value difference between the acquisition cost and the identifiable assets and liabilities acquired of (\$20,643) thousand and unrealized profits of \$550 thousand from upstream transactions.



**STATEMENT 6****TOPOINT TECHNOLOGY CO., LTD.****STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

	<b>Buildings</b>	<b>Transportation Equipment</b>	<b>Total</b>
Cost			
Balance at January 1, 2023	\$ 2,622	\$ 4,420	\$ 7,042
Addition	-	-	-
Disposal	-	-	-
Balance at December 31, 2023	<u>2,622</u>	<u>4,420</u>	<u>7,042</u>
Accumulated depreciation			
Balance at January 1, 2023	514	2,424	2,938
Depreciation expense	514	1,492	2,006
Disposal	-	-	-
Balance at December 31, 2023	<u>1,028</u>	<u>3,916</u>	<u>4,944</u>
Carrying amount at December 31, 2023	<u>\$ 1,594</u>	<u>\$ 504</u>	<u>\$ 2,098</u>

**STATEMENT 7****TOPOINT TECHNOLOGY CO., LTD.****STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

Type of Borrowing and Creditor	Period	Annual Rate (%)	Balance at December 31, 2023	Borrowing Commitment	Collateral
Short-term borrowings					
E.SUN Bank	2023/10/06~2024/01/04	6.450	\$ 6,141	\$ 85,974	None
E.SUN Bank	2023/12/13~2024/03/13	6.450	9,212	76,762	None
E.SUN Bank	2023/12/20~2024/03/20	6.450	7,461	69,301	None
E.SUN Bank	2023/09/28~2024/01/26	4.750	374	68,972	None
E.SUN Bank	2023/10/25~2024/03/21	4.810	680	68,284	None
E.SUN Bank	2023/11/30~2024/04/26	4.800	985	67,262	None
Taipei Fubon Commercial Bank	2023/08/04~2024/01/30	6.448	9,236	82,879	None
Taipei Fubon Commercial Bank	2023/08/31~2024/02/27	6.258	4,296	78,583	None
Taipei Fubon Commercial Bank	2023/11/02~2024/04/30	6.448	10,940	67,643	None
Taipei Fubon Commercial Bank	2023/11/30~2024/05/28	6.258	<u>9,107</u>	<u>58,536</u>	None
			<u>\$ 58,432</u>	<u>\$ 724,196</u>	

**STATEMENT 8**

**TOPOINT TECHNOLOGY CO., LTD.**

**STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

<b>Supplier</b>	<b>Amount</b>
Yeh Jet Enterprise Co., Ltd.	\$ 4,704
Chuen Bao Trading Co., Ltd.	3,798
Tai Yu Sheng Co., Ltd.	3,157
Sung Ya Enterprise Co., Ltd.	2,708
Jeng Xin Industrial Co., Ltd.	2,075
Jau Shuo Metal Co., Ltd.	1,909
Others (Note)	<u>20,417</u>
Total	<u>\$ 38,768</u>

Note: Suppliers with balances less than 5% of this account are shown in aggregate.

TOPOINT TECHNOLOGY CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Type of Borrowing and Creditor	Period	Repayment	Annual Rate (%)	Amount			Collateral
				Current Portion	Non-current Portion	Total	
Unsecured borrowings Syndicated loan from Mega International Commercial Bank, et al. (Note)	2021/12/24~2028/12/24	The credit line balance begins to diminish 60 months after the date the loan is obtained, and the credit line will diminish every 12 months for a total of 3 times. For the first and the second times, the credit line will diminish by 10% of the total credit limit, and the remaining credit line balance will diminish on the third time. If the principal amount exceeds the diminishing credit line balance on certain dates, the Company should pay the bank lenders the excess amount.	2.1604	\$ -	\$ 400,000	\$ 400,000	-

Note: Syndicated loan from Mega International Commercial Bank, et al. refers to the syndicated loan agreement entered by the Company with nine financial institutions including Mega International Commercial Bank, Taiwan Cooperative Bank, Taipei Fubon Commercial Bank, Land Bank of Taiwan, Hua Nan Commercial Bank and the Shanghai Commercial & Savings Bank, Ltd.

**TOPOINT TECHNOLOGY CO., LTD.****STATEMENT OF LEASE LIABILITIES  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

Type	Lease Term	Discount Rate	Balance at December 31, 2023	Note
Buildings	2017/12/20~2026/05/14	1.9%	\$ 1,593	
Transportation equipment	2021/05/20~2024/05/19	1.9%	504	
Less: Current portion			( <u>1,028</u> )	
Lease liabilities - non-current			<u>\$ 1,069</u>	

**STATEMENT 11**

**TOPOINT TECHNOLOGY CO., LTD.**

**STATEMENT OF REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Quantity (In Thousands)</b>	<b>Amount</b>
Revenue from the sale of goods		
Precision metal products and processing services	116,064	\$ 714,744
Others	43,521	<u>107,109</u>
Subtotal		821,853
Less: Sales returns		( 1,059 )
Sales discounts and allowances		( <u>11,027</u> )
Net		<u>\$ 809,767</u>

**STATEMENT 12****TOPOINT TECHNOLOGY CO., LTD.****STATEMENT OF COST OF GOODS SOLD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Cost of goods sold of manufactured products	
Direct materials	
Raw materials, beginning of year	\$ 82,458
Purchases, net	222,521
Sold as products	( 67,272 )
R&D requisition	( 7,749 )
Raw materials, end of year	( <u>58,085</u> )
	171,873
Direct labor	72,590
Manufacturing overhead	<u>226,739</u>
Manufacturing costs	471,202
Work in process, beginning of year	16,405
Work in process, end of year	( <u>15,331</u> )
	472,276
Finished goods, beginning of year	77,830
R&D requisition	( 1,973 )
Finished goods, end of year	( <u>67,790</u> )
Subtotal	<u>480,343</u>
Cost of goods sold of purchased products	
Merchandise, beginning of year	5,779
Purchases, net	56,243
Transferred from raw materials	67,272
R&D requisition	( 40 )
Merchandise, end of year	( <u>6,705</u> )
Subtotal	<u>122,549</u>
Cost of goods sold	<u>\$ 602,892</u>

**TOPOINT TECHNOLOGY CO., LTD.**
**STATEMENT OF OPERATING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars)**


---

<b>Item</b>	<b>Selling and Marketing Expense</b>	<b>General and Administrative Expense</b>	<b>Research and Development Expense</b>	<b>Total</b>
Payroll	\$ 9,190	\$ 57,819	\$ 30,299	\$ 97,308
Depreciation	-	7,982	4,318	12,300
Insurance	1,313	7,455	3,281	12,049
Services	-	11,404	-	11,404
R&D requisition	-	-	9,241	9,241
Remuneration of directors	-	6,091	-	6,091
Import/Export	2,775	-	-	2,775
Commissions	1,729	-	-	1,729
Advertising	1,308	-	-	1,308
Others (Note)	<u>7,286</u>	<u>22,606</u>	<u>12,946</u>	<u>42,838</u>
Total	<u>\$ 23,601</u>	<u>\$ 113,357</u>	<u>\$ 60,085</u>	<u>\$ 197,043</u>

Note: Items with balances less than 5% of this account are shown in aggregate.



## TOPOINT TECHNOLOGY CO., LTD.

**STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit expenses						
Payroll	\$ 151,605	\$ 97,309	\$ 248,914	\$ 194,825	\$ 134,734	\$ 329,559
Labor and health insurance	14,372	10,102	24,474	15,147	9,550	24,697
Pension	5,422	4,574	9,996	5,848	4,415	10,263
Remuneration of directors	-	6,091	6,091	-	14,672	14,672
Other employee benefit expenses	-	4,061	4,061	-	8,592	8,592
Depreciation	57,954	12,993	70,947	36,693	11,808	48,501
Amortization	1,055	2,493	3,548	1,171	1,569	2,740

Note 1: For the years ended December 31, 2023 and 2022, the Company had 358 and 372 employees and there were 8 and 7 non-employee directors, respectively. Employees and non-employee directors adopted the same calculation basis for benefit expenses.

- Note 2: (1) The average employee benefit expenses in 2023 equaled \$821 thousand, which was calculated as follows: (Sum of employee benefit expenses - Sum of remuneration of directors in 2023)/(Number of employees - Number of non-employee directors in 2023).  
The average employee benefit expenses in 2022 equaled \$1,022 thousand, which was calculated as follows: (Sum of employee benefit expenses - Sum of remuneration of directors in 2022)/(Number of employees - Number of non-employee directors in 2022).
- (2) The average employee payroll expense in 2023 equaled \$711 thousand, which was calculated as follows: Sum of employee payroll expense in 2023/(Number of employees - Number of non-employee directors in 2023).  
The average employee payroll expense in 2022 equaled \$903 thousand, which was calculated as follows: Sum of employee payroll expense in 2022/(Number of employees - Number of non-employee directors in 2022).
- (3) The change in average employee payroll expense equaled (21)% in 2023, which was calculated as follows: (Average employee payroll expense in 2023 - average employee payroll expense in 2022)/Average employee payroll expense in 2022.
- (4) The Company's remuneration policy concerning directors, managers and employees is as follows:  
In accordance with Article 18 of the Articles of Incorporation, the Company shall accrue compensation of employees and remuneration of directors at the rates between 1% to 25% and no higher than 3% of net profit before income tax, compensation of employees, and remuneration of directors, respectively. Remuneration of directors is appropriated based on the Company's business performance and the outcome of performance assessment on the board of directors. Compensation to managers is distributed based on the Company's compensation policy, system, standard and structure. Performance assessment and the reasonableness assessment of compensation have been submitted to the remuneration committee and the board of directors for approval. Employee salaries are based on relevant payroll rules of the Company.



Topoint Technology Co., Ltd.

David, Lin