



# 尖點科技股份有限公司 TOPOINT TECHNOLOGY CO., LTD.

## 2024 Annual General Shareholders' Meeting

### Meeting Handbook

**27<sup>th</sup> May 2024(Monday) at 9 am**

Venue: No. 203, Sec. 3, Jiayuan Rd., Shulin District, New Taipei City 238,  
Taiwan.

#### 【Notice to readers】

This English-version meeting handbook 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.

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## I. Meeting Agenda

### Topoint Technology Co., Ltd. 2024 Annual General Shareholders' Meeting Agenda

The meeting will be held by physical shareholders Meeting

Time: 27<sup>th</sup> May 2024 (Monday) at 9 am

Venue: No. 203, Sec. 3, Jiayuan Rd., Shulin District, New Taipei City 238, Taiwan.

i. Call the Meeting to Order (Announce number of shareholders present)

ii. Chairperson remarks

iii. Items to Report

(1) FY2023 Business Report.

(2) FY2023 Audit Committee's Review Report.

(3) FY2022 Earnings Distribution of cash dividends.

(4) FY2023 Remuneration of employees & directors report.

(5) The status of guarantee provided by Topoint as of the end of 2023.

iv. Items for Acknowledgment

(1) Acknowledgment of financial results for FY2023.

(2) Acknowledgment of FY2023 profit distribution proposal.

v. Items for Election

(1) Election of the 10th session of the Company's directors.

vi. Items for Other

(1) Release of the New Directors from Non-Competition Restrictions.

vii. Provisional Motion

viii. Adjournment

## II. Items to Report

**Item 1** FY2023 business report.

Description: FY2023 business report is attached hereto as ATTACHMENT i.

**Item 2** FY2023 supervisors's audit report.

Description: FY2023 supervisors's audit report is attached hereto as ATTACHMENT ii.

**Item 3** FY2023 Earnings Distribution of cash dividends.

Description: 1. The proposed dividend to shareholders is a cash dividend of NT\$0.8 per common share, amounting to NT\$113,744,374. Distribution of cash dividend will be rounded down to an

integer, and the balance will be adjusted for distribution to the company's other income.

2. The chairperson was authorized by the Board of Directors to decide the ex-dividend date, date of issuance, and other relevant issues. In the event that proposed distribution of earnings is affected by a change in the Company's outstanding common shares, the chairperson is authorized by the Board of Directors to make adjustment to such distribution at his/her discretion.

**Item 4** FY2023 remuneration of employees & directors Report.

Description: 1. This proposal was handled in accordance with Article 18 of the Articles of Incorporation. The proposed employees' profit sharing bonus and Directors' compensation was NT\$33,347,034 and NT\$5,557,839 respectively, and both will be distributed in cash.

2. There is no difference between the amounts of 2023 recognized expenses decided by the Board of Directors.

**Item 5** The status of guarantee provided by Topoint as of the end of 2023.

Description: The Company provided endorsement guarantee to its subsidiary in 2023 as a result of the subsidiary's receipt of bank financing. Based on the Company's Procedure of for Endorsement Guarantee, maximum allowable endorsement guarantee limit is NT\$4,331,434,000. As of December 2023, balance of endorsement guarantee provided was at NT\$92,115,000.

### III. Items for Acknowledgment

**Item 1** (Proposed by the Board of Directors)

Proposal: Acknowledgment of financial results for FY2023.

Description: The Company's 2023 financial statements and consolidated financial statements were audited by independent auditors, Chien-Hsin, Hsieh and Po-Jen, Weng, of the Deloitte and Touche. The Business reports have been reviewed by the supervisors, and the above mentioned financial statements are attached hereto as ATTACHMENT iii.

Resolution:

**Item 2** (Proposed by the Board of Directors)

Proposal: Acknowledgment of FY2023 profit distribution proposal.  
Description: The Distribution of 2023 Earnings which was approved by the Board of Directors and reviewed by the Audit Committee. and attached hereto as ATTACHMENT iv.  
Resolution:

#### IV. Items for Election

**Item 1** (Proposed by the Board of Directors)

Proposal: Election of the 10th session of the Company's directors.

Description: 1. The term of office for directors and supervisors will expire on July 21, 2024.  
2. Eight directors (including 4 independent directors) will be re-elected for the 10th session of directors, in accordance with the Articles of Incorporation article 13 and procedures of the candidate nomination system, the new directors will be appointed immediately after the end of the shareholders' meeting for a term of three years from May 27, 2024 to May 26, 2027.  
3. This election of directors shall be conducted in accordance with the provisions of the "Measures for the Election of Directors". The candidate list is attached hereto as ATTACHMENT v.

Resolution:

#### V. Items for Other

**Item 1** (Proposed by the Board of Directors)

Proposal: Release of the New Directors from Non-Competition Restrictions.

Description: 1. According to paragraph 1 of Article 209 of Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders meeting the essential contents of such an act and secure its approval".  
2. For the fact that the directors of the Company may invest in or operate other companies within the same or similar business scope of the Company and act as directors, in order to meet the actual needs, without prejudice to the interests of the Company, the General Meeting is required to release the new directors from Non-competition restrictions according to laws.  
3. The Details is attached hereto as ATTACHMENT vi.

VI.Provisional Motion

VII.Meeting Adjourned

## ATTACHMENT 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

**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

## **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	%
<b>CURRENT ASSETS</b>				
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>
<b>NON-CURRENT ASSETS</b>				
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)	<u>143,790</u>	<u>2</u>	<u>248,988</u>	<u>3</u>
Total non-current assets	<u>2,344,216</u>	<u>35</u>	<u>2,435,828</u>	<u>33</u>
<b>TOTAL</b>	<u>\$ 6,736,107</u>	<u>100</u>	<u>\$ 7,353,450</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
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	<u>6,095</u>	<u>-</u>	<u>9,150</u>	<u>-</u>
Total current liabilities	<u>1,054,098</u>	<u>16</u>	<u>1,324,795</u>	<u>18</u>
<b>NON-CURRENT LIABILITIES</b>				
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)	<u>292,463</u>	<u>4</u>	<u>224,824</u>	<u>3</u>
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>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>				
Share capital	<u>1,421,805</u>	<u>21</u>	<u>1,421,805</u>	<u>19</u>
Capital surplus	<u>1,227,638</u>	<u>18</u>	<u>1,227,638</u>	<u>17</u>
Retained earnings				
Legal reserve	552,893	8	519,383	7
Special reserve	305,480	4	363,234	5
Unappropriated earnings	<u>1,192,019</u>	<u>18</u>	<u>1,486,074</u>	<u>20</u>
Total retained earnings	<u>2,050,392</u>	<u>30</u>	<u>2,368,691</u>	<u>32</u>
Other equity	<u>(368,401)</u>	<u>(5)</u>	<u>(305,480)</u>	<u>(4)</u>
Total equity attributable to owners of the Company	4,331,434	64	4,712,654	64
<b>NON-CONTROLLING INTERESTS</b>	<u>574,926</u>	<u>9</u>	<u>596,404</u>	<u>8</u>
Total equity	<u>4,906,360</u>	<u>73</u>	<u>5,309,058</u>	<u>72</u>
<b>TOTAL</b>	<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	\$ (0.25)		\$ 2.34	
Diluted			\$ 2.29	

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)		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><u>\$1,596,526</u></u>	<u><u>\$2,768,862</u></u>

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

## **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)

	2023		2022	
	Amount	%	Amount	%
<b>ASSETS</b>				
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	<u>585,757</u>	<u>11</u>	<u>687,491</u>	<u>12</u>
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	<u>4,779,009</u>	<u>89</u>	<u>5,069,530</u>	<u>88</u>
TOTAL	<u>\$5,364,766</u>	<u>100</u>	<u>\$5,757,021</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
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	<u>505,986</u>	<u>9</u>	<u>630,044</u>	<u>11</u>
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	<u>527,346</u>	<u>10</u>	<u>414,323</u>	<u>7</u>
Total liabilities	<u>1,033,332</u>	<u>19</u>	<u>1,044,367</u>	<u>18</u>
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	<u>4,331,434</u>	<u>81</u>	<u>4,712,654</u>	<u>82</u>
TOTAL	<u>\$5,364,766</u>	<u>100</u>	<u>\$5,757,021</u>	<u>100</u>

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	<u>127,984</u>	<u>16</u>	<u>343,113</u>	<u>32</u>
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)	<u>332,245</u>	<u>31</u>
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)	<u>54,342</u>	<u>5</u>
Total other comprehensive income (loss)	( 60,833)	( 8)	<u>59,535</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME	(\$ 96,859)	( 12)	<u>\$ 391,780</u>	<u>37</u>
EARNINGS PER SHARE (Note 26)				
Basic	(\$ 0.25)		<u>\$ 2.34</u>	
Diluted			<u>\$ 2.29</u>	

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	-	56,890
Net cash generated from investing activities	<u>275,639</u>	<u>444,523</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
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	( 284,361)	( 327,015)
Net cash used in financing activities	<u>( 304,729)</u>	<u>( 516,638)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>( 2,245)</u>	<u>753</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 26,170)	64,525
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>219,431</u>	<u>154,906</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 193,261</u>	<u>\$ 219,431</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

**Statement of Distribution of Retained Earnings**

Item	Amount
Undistributed Surplus at the Beginning of the Period	1,225,957,569
2023 Net Income After Tax	(36,025,724)
Remeasurements of defined benefit pension plans recognized in retained earnings	2,088,195
Undistributed Surplus (after adjust)	(33,937,529)
Less: Special reserve	(62,920,859)
Distributable Earnings	1,129,099,181
Distribution Items:	
Cash Dividends (cash dividend of NT\$0.8 per share)	113,744,374
Undistributed Surplus at the end of the Period	1,015,354,807

ATTACHMENT v

Topoint Technology Co., LTD.  
List of director candidates and their academic experience

Job Title	Name	Education	Major Past Positions	Current Positions	Shares Held
Directors	LIN,HSU-TING	National Open University	Topoint Technology Co., Ltd. Chairman	Topoint Technology Co., Ltd. Chairman	5,519,260
Directors	LIN,JUO-PING	National Chung Cheng University, Master of Information Management	Topoint Technology Co., Ltd. Sales Manager/ Special Assistant to Chairman/ General Manager	Topoint Technology Co., Ltd. President	1,116,104
Directors	Fortune Venture Capital Co.,Ltd. : CHEN, YIN-JUNG	USC, Master of Accounting	CDIB Capital Management, Manager UMC Capital, Director	UMC Capital, Director	4,416,152
Directors	Chairman of Macking International Investment Corp. : LEE, WEN-CHIN	National Taiwan University, Department of Mechanical Engineering	Rechi Precision Co.,Ltd., General Manager	Chairman of Macking International Investment Corp. Chairman	3,000,600
Independent Directors	CHEN,CHUN-YEH	University of Birmingham, MBA	Taiwan International Securities Co.,Ltd., Deputy General Manager of Sales Capital Securities Co.,Ltd., Vice President	DALEE CPA Firm, CPA DALEE Finance Consulting Co.,Ltd., CEO	0
Independent Directors	CHEN,I-FEE	National Taiwan University, Department of Mechanical Engineering	Hon Hai Precision Ind. Co., Ltd., Chief Engineer Innolux Co.,Ltd., Senior Deputy General Manager	E-CMOS Co.,Ltd. Director Taivital Biopharmaceutical Co., Ltd. Director	0
Independent Directors	HSU,CHING-HUI	National Taiwan University, Department of Law	Taishin Financial Holdings Co., Ltd., Deputy Manager Taishin Asset Management Co., Ltd., Manager	N/A	1,000
Independent Directors	HSU,CHAO-CHING	National Chung Cheng University, Ph.D. in Laws University of California, Berkeley, Master of Laws	Taiwan Chiayi District Court, Judge Baker McKenzie, Partner Lawyer	Baker McKenzie, Partner Lawyer	0



## TOPOINT TECHNOLOGY CO., LTD

## Details for Release of the New Directors from Non-Competition Restrictions

Title/Name	Concurrent positions in other companies
Director: LIN,HSU-TING	Director: Unipoint Technology Co., Ltd. Director: Drill-Tek Co.,Ltd. Director: Cosmos Vacuum Technology Co.,Ltd.
Director: LIN,JUO-PING	Chairman: Unipoint Technology Co., Ltd. Chairman: Drill-Tek Co.,Ltd. Director: Cosmos Vacuum Technology Co.,Ltd. Director: COTA Commercial Bank CEO: Moneyou Company Limited
Director: Fortune Venture Capital Co.,Ltd. : CHEN, YIN-JUNG	Director: Taiwan Semiconductor Co., Ltd. Director: Hahow, Inc.
Director: Chairman of Macking International Investment Corp. : LEE, WEN-CHIN	Chairman: Macking International Investment Corp. Director: Cosmos Vacuum Technology Co.,Ltd.
Indepednent Director : CHEN,CHUN-YEH	CEO: Consulting Co.,Ltd., Director: Taiwan Bio Therapeutics Co., Ltd.
Indepednent Director : CHEN,I-FEE	Director: E-CMOS Co.,Ltd. Director: Taivital Biopharmaceutical Co., Ltd. CEO: Yuanchuang Environmental Technology Co., Ltd.
Indepednent Director : HSU,CHAO-CHING	Indepednent Director : SyneuRx International (Taiwan) Co., Ltd. Managing Partner: Lexpro Attorneys-at-Law, Managing Partner

## Topoint Technology CO., LTD. Articles of Incorporation

### Chapter 1      General Provisions

- Article 1      This Company is established in accordance with the provisions under the Company Law and named Topoint Technology Co., Ltd.
- Article 2      The scope of business of this Corporation shall be as follows:  
                   1    CC01080 manufacturing of electronic components.  
                   2    ZZ99999 Other than the business which requires special approval, this Corporation may conduct any business that is not prohibited or restricted by any law or regulations.
- Article 3      The Company is headquartered in New Taipei City, Taiwan. Where necessary, the board of directors may resolve to set up local or foreign branches.  
                   Article 3.1    The Company's amount of foreign investment is not subject to the forty percent restriction under the *Company Law*.  
                   Article 3.2    Where the Company has to provide endorsement and guarantee as a result of business requirements, such endorsement or guarantee shall be provided in accordance with the regulations of the securities authorities.
- Article 4      Public announcements of the Company shall be executed in accordance with the provisions under Article 28 of the *Company Law*.

### Chapter 2      Shareholding

- Article 5      The Company's total capital is three Billions New Taiwan Dollars, divided into three hundred million shares with a par value of One New Taiwan Dollar each, and may be issued at different times. The board of directors shall be authorised to administer matters concerning share issue. Within the aforesaid total capital, three hundred million New Taiwan Dollars shall be set aside for exercise of options for employee stock option certificates, warrant-attached preference shares, warranted-attached corporate bonds, totalling thirty million shares, issuable at different times in accordance with the board of directors' resolution.
- Article 6      Shareholders shall complete a specimen signature card for the Company's record. All future collection of share dividends and exercise of stock options in writing shall be based on the said specimen signature. Except if otherwise provided by the *Company Law* or securities rules, the Company's share registration and transfer operations shall be governed by the provisions under the *Regulations Governing the Acquisition or Disposal of Assets*.
- Article 7      The Company issues registered shares, of which the share certificates shall be affixed with the signatures or personal seals of the director representing the Company and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance. The Company may be exempted from printing any share certificates, but shall register the issued shares with a centralized securities depositary enterprise.
- Article 8      Alterations in shareholders' register may not be carried out within sixty days before an ordinary shareholders' meeting, thirty days before an extraordinary shareholders' meeting, or five days before the record dates on which the Company has decided to distribute dividends and bonus or other benefits.

### Chapter 3      Shareholders' Meeting

- Article 9      Shareholders' Meetings are divided into ordinary and extraordinary meetings.

Ordinary meetings are lawfully convened every every by the board of directors within six months after the end of a financial year. Extraordinary meetings are convened as and when necessary.

- Article 10 Shareholders unable to attend shareholders' meetings may authorise a proxy to attend the meetings on his behalf by providing a signed and stamped power of attorney indicating the scope of authorisation. Save as otherwise provided by the Company Law, the *Regulations Governing the Acquisition or Disposal of Assets by Public Companies* as promulgated by the competent authorities shall govern.
- Article 11 Save for otherwise provided in Law, every share shall be entitled to one vote.
- Article 12 Save as otherwise provided by the Company Law, shareholders' resolutions shall be adopted when more than a simple majority of the shareholders representing issued and outstanding shares, of which more than half with voting rights vote in affirmation.

#### Chapter 4 Directors and Supervisors

- Article 13 The Company shall have seven to eleven directors, and the number of directors is authorized by the board meeting, with three-year office term. Directors are elected and appointed by the shareholders' meeting from candidates in accordance with the candidate nomination system of Article 192-1 of the Company Act. Candidate(s) may continue in office if re-elected.
- Article 13.1 The company shall appoint independent directors with its articles of incorporation under Article 13.  
They shall be not less than two in number and not less than one-fifth of the total number of directors.  
The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or GreTai Securities Market.
- Article 13.2 The Board of Directors shall set up functional committees. Committee member qualifications, duties and related matters shall be defined by the Board of Directors in accordance with the laws and regulations.  
The company will set up the Audit Committee to replace the role of Supervisors. Their duties and other related matters will be defined by the Securities Exchange Act in accordance with the laws and regulations.
- Article 14 The board of directors shall comprise of directors. The chairman of the board of directors shall be elected from among such directors in the presence of more than two-thirds of the members of the board of directors and of which more than half vote in affirmation. The chairman of the board of directors shall represent the Company in external affairs.
- Article 15 Where the chairman of the board directors is on leave or, for reasons, is unable to exercise his powers of office, appointment of the chairman's proxy shall be governed by the provisions under Article 208 of the *Company Law*.
- Article 15.1 Directors of the Company to be convened before the deadline to notify the directors in case of a matter of urgency to convene the Board at any time; the company's board of directors convened in writing, e-mail or by fax whom.  
Directors shall attend board of directors' meetings. A director who is unable to attend a board of directors' meeting may appoint other directors as his proxy,

provided that a power of attorney is presented. A proxy, however, may only be appointed by one person. Where teleconferencing is used for board of directors' meetings and directors participating in such meetings via teleconferencing shall be deemed to have attended the meetings in person.

Article 15.2 The board of directors shall be authorised to deliberate directors' remuneration, based on their level of participation with the Company's operations and amount of contribution, with reference to the industry's norms.

Article 15.3 The Company may purchase liability insurance for its directors. The board of directors shall be authorised to deliberate on the insurance coverage based on market norms. The period of such insurance coverage shall commence on their date of assumption of office until their date of release from office.

#### Chapter 5 Managers

Article 16 The Company shall have managers, the appointment and dismissal, and remuneration of whom shall be governed by the provisions under Article 29 of the *Company Law*.

#### Chapter 6 Accounts

Article 17 At the end of every financial year, the following reports shall be prepared by the board of directors and submitted to the regular Shareholders' meeting for ratification.

(1) Business Report

(2) Financial Statements

(3) Proposals for Profit or Loss Appropriation

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.

Article 18.1 When allocating the net profits for each fiscal year, according to the following sequence:

(1) offset its losses in previous years.

(2) set aside a legal reserve at 10% of the profit left over.

(3) set aside or return the special reserve which could be appropriated according.

(4) 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, thereto 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.

## Chapter 7      Supplementary Provisions

Article 19      All matters not provided herein shall be governed by the *Company Law*.

Article 20      These Articles are formulated on the 21<sup>st</sup> day of March 1996.

The 1<sup>st</sup> amendment was made on 10<sup>th</sup> December 1997

The 2<sup>nd</sup> amendment was made on 23<sup>rd</sup> March 1998

The 3<sup>rd</sup> amendment was made on 7<sup>th</sup> September 1999

The 4<sup>th</sup> amendment was made on 20<sup>th</sup> September 1999

The 5<sup>th</sup> amendment was made on 18<sup>th</sup> April 2000

The 6<sup>th</sup> amendment was made on 9<sup>th</sup> April 2001

The 7<sup>th</sup> amendment was made on 16<sup>th</sup> June 2002

The 8<sup>th</sup> amendment was made on 6<sup>th</sup> June 2003

The 9<sup>th</sup> amendment was made on 28<sup>th</sup> June 2004

The 10<sup>th</sup> amendment was made on 28<sup>th</sup> June 2004

The 11<sup>th</sup> amendment was made on 29<sup>th</sup> June 2005

The 12<sup>th</sup> amendment was made on 20<sup>th</sup> January 2006

The 13<sup>th</sup> amendment was made on 20<sup>th</sup> June 2006

The 14<sup>th</sup> amendment was made on 15<sup>th</sup> June 2007

The 15<sup>th</sup> amendment was made on 13<sup>th</sup> June 2008

The 16<sup>th</sup> amendment was made on 10<sup>th</sup> June 2009

The 17<sup>th</sup> amendment was made on 15<sup>th</sup> June 2010

The 18<sup>th</sup> amendment was made on 12<sup>th</sup> June 2012

The 19<sup>th</sup> amendment was made on 11<sup>th</sup> June 2013

The 20<sup>th</sup> amendment was made on 11<sup>th</sup> June 2015

The 21<sup>st</sup> amendment was made on 21<sup>st</sup> June 2016

The 22<sup>nd</sup> amendment was made on 13<sup>th</sup> June 2017

The 23<sup>rd</sup> amendment was made on 22<sup>nd</sup> July 2021.

The 24<sup>rd</sup> amendment was made on 9<sup>nd</sup> June 2022.

**Topoint Technology Co., Ltd**  
**Regulations for the Election of Directors**

- Article 1 To establish fair, equitable and transparent election procedures for directors and supervisors, these *Procedures for the Election of Directors and Supervisors* are formulated in accordance with Article 21 and Article 41 of the *Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies*.
- Article 1.1 The qualifications of the Company's independent directors shall comply with the provisions under Articles 2, 3 and 4 of *Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies*, and shall execute in accordance with the provisions under Article 24 of the *Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies*.
- Article 1.2 The election of the Company's directors shall be carried out in accordance with the procedures of the candidate nomination system under Article 192 of the Company Law.
- Election of independent and non-independent directors shall be carried out together. However, the number of elected candidates of which shall be calculated separately.
- Article 2 The election of directors shall adopt a disclosed cumulative voting method. The names of the voter s may be substituted by attendance codes printed on the ballots. Save for otherwise provided in Law, each share represents a weighted number of voting rights equivalent to the number of directors to be elected; such voting rights may be exercised to collectively elect a single candidate or may be distributed among several candidates.
- Article 3 Candidates who win the most votes as represented by the ballots based on the quota set forth in the Company's Articles of Incorporation shall be elected the directors respectively. Where two or more candidates win the same number of votes and the total number of such candidates exceeds the specified quota, the candidate with the same weighted number of voting rights shall be selected by drawing lots. The presiding chairman shall draw lots on behalf of an absentee, if any.
- Article 4 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting

commences.

- Article 5 Ballots shall be printed and issued by the Company, and shall indicate the voter's attendance card number and the number of voting rights.
- Article 6 Where the candidate is a shareholder, the voter shall indicate the candidate's account name and shareholder account number under the "Candidate" column; otherwise, the name and identity card number of the candidate shall be filled in instead. Except where the candidate is the government or a corporation, the account name on the ballot shall be the government or the corporation's name, or the government or the corporation's name as well as the name of its representative. Where there are several representatives, the names of such representatives shall be separately indicated.
- Article 7 A ballot is null and void upon the occurrence of any the following instances:
- (1) The ballot was not prepared in accordance with these *Procedures*.
  - (2) The ballot was blank when placed into the ballot box.
  - (3) Handwriting on the ballot is illegible and indistinguishable.
  - (4) Name of candidate does not tally with that in the shareholders' register.
  - (5) The ballot bears text besides the candidate's name and shareholder account number.
  - (6) The candidate's name is found to be same as another shareholder's but is not accompanied by a shareholder account number for identification.
  - (7) Two or more candidates are indicated on the same ballot.
  - (8) The candidate's name is not nominated for the Article 1.2 of the proceedings.
- Article 8 Upon completion of election, the chairman shall announce the voting results at the meeting.
- Article 9 A Notification of Successful Candidacy shall be issued to each of the elected directors by the Company.
- Article 10 Any matter not provided herein shall be governed by the *Company Law* and the relevant laws and regulations.
- Article 11 These Procedures, and any amendments hereto, shall implemented after approval by a shareholders meeting.

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

### **Rules of Procedure for Shareholders' Meeting**

1. Save as otherwise provided in applicable laws and regulation, the Company's shareholders' meeting shall be governed by these Rules of Procedure for Shareholders' Meeting.
2. The Company shall provide a sign-in register for signing-in of attending shareholders or their appointed proxies (hereafter referred to as "shareholders"); otherwise, shareholders may submit attendance cards in lieu of signing-in. The number of attendees shall be determined by the number of sign-ins or attendance cards.
3. Attendance and voting at a shareholders' meeting shall be determined based on the number of shares.
4. If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding at the meeting. If the Chairman of the Board of Directors is on leave or unable to perform his duties for some reason, the vice-chairman shall preside at the meeting on behalf of the chairman; if the Company does not have a vice-Chairman or the vice-chairman is on leave or unable to perform his duties for some reason, the Chairman of the Board of Directors shall appoint a director to serve on his behalf. Where the Chairman of the Board of Directors has not appointed a representative, the directors shall nominate a chairman among them to preside over the meeting. If the shareholders' meeting is convened by any person entitled to convene the meeting other than the Board of Directors, such person shall be the meeting's chairman. If there is more than one such person entitled to convene the meeting, such persons shall nominate one person among them to be the meeting's chairman.
5. The Company may appoint designated legal counsels, accountants or relevant persons to attend the shareholders' meeting. Meeting administrators shall wear an identification tag or arm batch.
6. The full meeting proceedings shall be audio or video-recorded and the tapes preserved for at least one year.
7. The chairman shall call the meeting to order at the scheduled time. If the number of shares represented by the attending shareholders fails to constitute more than one-half of all issued and outstanding shares at the scheduled time, the chairman may delay the meeting time. If, after two postponements, the number of attending shares represented by the attending shareholders fails to meet the quorum but the attending shareholders at the meeting represent more than one-third of all issued and outstanding shares, provisional resolutions may be made in accordance with the provisions under paragraph 1 of Article 175 of the Company Law. If, by the end of the meeting, the attending shareholders constitute more than one-half of all issued and outstanding share, the chairman may re-propose the foregoing provisional resolutions to the meeting for adoption in accordance with Article 174 of the Company Law.



8. The meeting agenda shall be set by the Board of Directors if the shareholders' meeting is convened by the Board of Directors. Except as otherwise resolved at the shareholders' meeting, the meeting agenda shall not be amended. The above provision applies mutatis mutandis to cases where the shareholders' meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting.
9. Save as otherwise resolved at the shareholders' meeting, the chairman of the meeting shall not adjourn the meeting before all the items (including provisional motions) listed in the agenda are deliberated.
10. In the event that the chairman presiding at the meeting adjourns the meeting in violation of this Rules of Procedure, other attendees may, with more than half the voting rights present at the meeting voting in affirmation, elect another person to serve as chairman and continue with the meeting.
11. After the meeting is adjourned, the shareholders may not, by electing another chairman to preside over the meeting, continue with the meeting at the original or a new venue.
12. When a shareholder attending the meeting wishes to address the meeting, a speech note should be filled out with summary of the speech, the shareholder's account number (or the attendance card number) and the shareholder's account name. The presiding chairman shall determine the order of the shareholders' addresses. An attending shareholder who submits a speech note but fails to address the meeting shall be deemed to have not spoken at the meeting. Where a shareholder's speech content is inconsistent that of the speech note, the actual speech content shall prevail. Unless otherwise permitted by the chairman and the shareholder addressing the meeting, no shareholder shall interrupt any shareholder's address; otherwise the presiding chairman shall prohibit such interruption.
13. The same shareholder may not speak more than twice concerning the same item without the chairman's consent, and the time for each address may not exceed five minutes. The presiding chairman may stop the shareholder from speaking in the event that he violates the aforesaid provisions or when his address exceeds the scope of the agenda item.
14. A corporation may appoint only one person as representative to attend the shareholder' meeting. When two or more representatives have been designated, only one representative may speak for every agenda item.
15. The chairman may personally respond or designate a relevant person to respond after an attending shareholder has spoken.
16. When the presiding chairman deems that the subject under deliberation is ready to be put to vote, cessation of deliberation may be announced and the said subject be put to vote.
17. The chairman shall appoint vote supervisors and vote counter for resolutions of proposals; however, such persons must be shareholders. Voting results shall be announced at the meeting and placed

on record.

18. During the meeting, the chairman may decide on the intermission time at his discretion.
19. Save as otherwise provided in the Company Law or the Company's Articles of Incorporation, a resolution shall be adopted by a simple majority of the voting rights represented by the attending shareholders. An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by all attending shareholders after solicitation by the chairman.
20. Where there is an amended or alternative agenda item, the presiding chairman shall consider such items together with the original proposal to decide on the voting sequence. If, however, one of the items has been adopted, the remaining shall be deemed vetoed, and no further voting shall be necessary.
21. The presiding chairman may order discipline officers (or security guards) to assist in keeping order in the meeting venue. Such discipline officers (or security guards) shall wear arm marked "Discipline Officer" when maintaining order at the meeting venue.

APPENDIX iv

Topoint Technology Co., Ltd  
Shareholdings of Directors as of March 29th, 2024

- (I) Minimum shares to be held by all directors and supervisors, and details of hareholdings recorded in the shareholders' register.

Unit: Shares

Title	Under the relevant laws and regulations of Shares to be held	Current Shareholding
Directors	8,530,828	14,052,116

- (II) Details of Shareholdings of Directors

Unit: Shares

Position	Name	Current Shareholding
Chairman of Board	LIN,HSU-TING	5,519,260
Director	LIN,JUO-PING	1,116,104
Director	Fortune Venture Capital Corporation	4,416,152
	Representative: Peng ,ZHI-QIANG	0
Director	Macking International Investment Corporation	3,000,600
	Representative: LEE, WEN-CHIN	0
Independent Director	CHEN,CHUN-YEH	0
Independent Director	CHEN,I-FEE	0
Independent Director	HSU,CHING-HUI	1,000
Independent Director	HSU,CHAO-CHING	0