

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

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

Scope of review

We conducted our reviews in accordance with the Standards on Review Engagement No. 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, we did not discover matters which would lead us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Topoint Group as of March 31, 2024 and 2023, and its consolidated financial performance and cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chien-Hsin Hsieh and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 10, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

| ASSETS | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|--|----------------|-------|-------------------|-------|----------------|-------|
| | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 2,159,365 | 31 | \$ 1,596,526 | 24 | \$ 2,716,216 | 38 |
| Financial assets at fair value through profit or loss (Notes 7 and 30) | 90,440 | 1 | 182,392 | 3 | 257,654 | 4 |
| Financial assets at amortized cost (Note 8) | 485,719 | 7 | 882,019 | 13 | - | - |
| Notes receivable (Notes 10 and 23) | 79,451 | 1 | 51,180 | 1 | 66,907 | 1 |
| Accounts receivable, net (Notes 10 and 23) | 792,560 | 12 | 796,864 | 12 | 685,233 | 10 |
| Accounts receivable - related parties (Notes 23 and 31) | 125,526 | 2 | 111,035 | 2 | 71,318 | 1 |
| Other receivables (Note 10) | 56,947 | 1 | 96,525 | 1 | 116,234 | 2 |
| Current tax assets (Note 4) | 6,244 | - | 5,744 | - | 4,222 | - |
| Inventories (Note 11) | 652,580 | 10 | 646,623 | 9 | 730,274 | 10 |
| Prepayments (Note 12) | 22,605 | - | 14,846 | - | 38,306 | - |
| Other current assets (Notes 17 and 32) | 8,342 | - | 8,137 | - | 7,545 | - |
| Total current assets | 4,479,779 | 65 | 4,391,891 | 65 | 4,693,909 | 66 |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through other comprehensive income (Notes 9 and 30) | 61,050 | 1 | 54,969 | 1 | 55,789 | 1 |
| Property, plant and equipment (Notes 14 and 32) | 1,942,983 | 28 | 1,943,578 | 29 | 1,965,076 | 28 |
| Right-of-use assets (Note 15) | 122,233 | 2 | 126,212 | 2 | 134,684 | 2 |
| Intangible assets (Note 16) | 12,890 | - | 13,800 | - | 15,033 | - |
| Deferred tax assets (Note 4) | 61,204 | 1 | 61,867 | 1 | 58,499 | 1 |
| Other non-current assets (Note 17) | 195,105 | 3 | 143,790 | 2 | 185,405 | 2 |
| Total non-current assets | 2,395,465 | 35 | 2,344,216 | 35 | 2,414,486 | 34 |
| TOTAL | \$ 6,875,244 | 100 | \$ 6,736,107 | 100 | \$ 7,108,395 | 100 |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Notes 18 and 32) | \$ 497,779 | 7 | \$ 104,432 | 2 | \$ 54,330 | 1 |
| Financial liabilities at fair value through profit or loss (Notes 7 and 30) | 1,123 | - | 24 | - | 374 | - |
| Contract liabilities (Note 23) | 729 | - | 834 | - | 194 | - |
| Notes payable | 41 | - | 14 | - | 20,786 | - |
| Accounts payable (Note 19) | 211,443 | 3 | 211,052 | 3 | 147,462 | 2 |
| Accounts payable - related parties (Note 31) | 470 | - | 757 | - | 549 | - |
| Other payables (Note 20) | 724,072 | 11 | 632,628 | 10 | 953,044 | 14 |
| Current tax liabilities (Note 4) | 85,697 | 1 | 79,567 | 1 | 113,331 | 2 |
| Lease liabilities (Note 15) | 16,518 | - | 18,695 | - | 21,187 | - |
| Other current liabilities | 6,170 | - | 6,095 | - | 14,575 | - |
| Total current liabilities | 1,544,042 | 22 | 1,054,098 | 16 | 1,325,832 | 19 |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings, net of current portion (Notes 18 and 32) | - | - | 400,000 | 6 | 400,000 | 6 |
| Lease liabilities (Note 15) | 58,388 | 1 | 61,687 | 1 | 65,467 | 1 |
| Net defined benefit liabilities (Notes 4 and 21) | 11,699 | - | 8,936 | - | 14,529 | - |
| Guarantee deposits received | 13,027 | - | 12,563 | - | 12,450 | - |
| Deferred tax liabilities (Note 4) | 299,113 | 5 | 292,463 | 4 | 224,323 | 3 |
| Total non-current liabilities | 382,227 | 6 | 775,649 | 11 | 716,769 | 10 |
| Total liabilities | 1,926,269 | 28 | 1,829,747 | 27 | 2,042,601 | 29 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22) | | | | | | |
| Share capital | 1,421,805 | 21 | 1,421,805 | 21 | 1,421,805 | 20 |
| Capital surplus | 1,227,804 | 18 | 1,227,638 | 18 | 1,227,638 | 17 |
| Retained earnings | | | | | | |
| Legal reserve | 552,893 | 8 | 552,893 | 8 | 519,383 | 8 |
| Special reserve | 305,480 | 4 | 305,480 | 4 | 363,234 | 5 |
| Unappropriated earnings | 1,101,792 | 16 | 1,192,019 | 18 | 1,218,072 | 17 |
| Total retained earnings | 1,960,165 | 28 | 2,050,392 | 30 | 2,100,689 | 30 |
| Other equity | (233,600) | (3) | (368,401) | (5) | (281,724) | (4) |
| Total equity attributable to owners of the Company | 4,376,174 | 64 | 4,331,434 | 64 | 4,468,408 | 63 |
| NON-CONTROLLING INTERESTS | 572,801 | 8 | 574,926 | 9 | 597,386 | 8 |
| Total equity | 4,948,975 | 72 | 4,906,360 | 73 | 5,065,794 | 71 |
| TOTAL | \$ 6,875,244 | 100 | \$ 6,736,107 | 100 | \$ 7,108,395 | 100 |

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 THREE MONTHS ENDED MARCH 31, 2024 and 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | Three Months Ended March 31 | | | |
|--|-----------------------------|--------------|------------------|-----------|
| | 2024 | | 2023 | |
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 23 and 31) | \$ 747,078 | 101 | \$ 626,878 | 102 |
| LESS: SALES RETURNS | 618 | - | 13 | - |
| SALES DISCOUNTS AND ALLOWANCES | <u>10,075</u> | <u>1</u> | <u>10,228</u> | <u>2</u> |
| NET OPERATING REVENUE | 736,385 | 100 | 616,637 | 100 |
| OPERATING COSTS (Notes 11, 24 and 31) | | | | |
| Operating costs | <u>569,430</u> | <u>77</u> | <u>485,578</u> | <u>79</u> |
| GROSS PROFIT | <u>166,955</u> | <u>23</u> | <u>131,059</u> | <u>21</u> |
| OPERATING EXPENSES (Note 24) | | | | |
| Selling and marketing | 34,599 | 5 | 28,205 | 5 |
| General and administrative (Note 31) | 77,812 | 11 | 70,865 | 11 |
| Research and development | 32,925 | 4 | 27,981 | 4 |
| Expected credit loss | <u>1,278</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total operating expenses | <u>146,614</u> | <u>20</u> | <u>127,051</u> | <u>20</u> |
| OTHER OPERATING INCOME AND EXPENSES (Notes 24 and 31) | (<u>5,913</u>) | (<u>1</u>) | <u>90</u> | <u>-</u> |
| PROFIT FROM OPERATIONS | <u>14,428</u> | <u>2</u> | <u>4,098</u> | <u>1</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income | 9,793 | 1 | 13,910 | 2 |
| Other income | 1,604 | - | 974 | - |
| (Loss) gain on valuation of financial instruments at fair value through profit or loss, net | (<u>1,837</u>) | - | <u>984</u> | - |
| Other expenses | (<u>115</u>) | - | (<u>137</u>) | - |
| Foreign exchange gain, net (Note 24) | 1,968 | - | 866 | - |
| Interest expense | (<u>5,049</u>) | (<u>1</u>) | (<u>3,684</u>) | <u>-</u> |
| Total non-operating income and expenses | <u>6,364</u> | <u>-</u> | <u>12,913</u> | <u>2</u> |

(Continued)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2024 and 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | Three Months Ended March 31 | | | |
|---|-----------------------------|-----------|------------------|----------|
| | 2024 | | 2023 | |
| | Amount | % | Amount | % |
| PROFIT BEFORE INCOME TAX | \$ 20,792 | 2 | \$ 17,011 | 3 |
| INCOME TAX EXPENSE (Notes 4 and 25) | (8,507) | (1) | (4,020) | (1) |
| NET PROFIT | <u>12,285</u> | <u>1</u> | <u>12,991</u> | <u>2</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 2,800 | - | 233 | - |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income | 6,081 | 1 | 3,436 | 1 |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | (560) | - | (47) | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation to the financial statements of foreign operations | <u>137,452</u> | <u>19</u> | <u>24,484</u> | <u>4</u> |
| Total other comprehensive income (loss) | <u>145,773</u> | <u>20</u> | <u>28,106</u> | <u>5</u> |
| TOTAL COMPREHENSIVE INCOME | <u>\$ 158,058</u> | <u>21</u> | <u>\$ 41,097</u> | <u>7</u> |
| NET PROFIT (LOSS) ATTRIBUTED TO: | | | | |
| Owners of the Company | \$ 21,277 | 3 | \$ 16,173 | 3 |
| Non-controlling interests | (8,992) | (1) | (3,182) | (1) |
| | <u>\$ 12,285</u> | <u>2</u> | <u>\$ 12,991</u> | <u>2</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO: | | | | |
| Owners of the Company | \$ 158,318 | 21 | \$ 40,115 | 7 |
| Non-controlling interests | (260) | - | 982 | - |
| | <u>\$ 158,058</u> | <u>21</u> | <u>\$ 41,097</u> | <u>7</u> |
| EARNINGS PER SHARE (Note 26) | | | | |
| Basic | <u>\$ 0.15</u> | | <u>\$ 0.11</u> | |
| Diluted | <u>\$ 0.15</u> | | <u>\$ 0.11</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 THREE MONTHS ENDED MARCH 31, 2024 and 2023 (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Company (Note 22) | | | | | | | | | |
|---|--|-----------------|---------------|-----------------|-------------------------|---|---|--------------|--|--------------|
| | Retained Earnings | | | | | Other Equity | | Total | Non-controlling Interests (Note 22) | Total Equity |
| | Share Capital | Capital Surplus | 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, 2023 | \$ 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 | | | | | | | | | | |
| Cash dividends distributed by the Company (NT\$2.00 per share) | - | - | - | - | (284,361) | - | - | (284,361) | - | (284,361) |
| Net profit for the three months ended March 31, 2023 | - | - | - | - | 16,173 | - | - | 16,173 | (3,182) | 12,991 |
| Other comprehensive income (loss) for the three months ended March, 31, 2023, net of income tax | - | - | - | - | 186 | 20,396 | 3,360 | 23,942 | 4,164 | 28,106 |
| Total comprehensive income (loss) for the three months ended March 31, 2023 | - | - | - | - | 16,359 | 20,396 | 3,360 | 40,115 | 982 | 41,097 |
| BALANCE AT MARCH 31, 2023 | \$ 1,421,805 | \$ 1,227,638 | \$ 519,383 | \$ 363,234 | \$ 1,218,072 | (\$ 301,818) | \$ 20,094 | \$ 4,468,408 | \$ 597,386 | \$ 5,065,794 |
| BALANCE AT JANUARY 1, 2024 | \$ 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 |
| Appropriation of 2023 earnings | | | | | | | | | | |
| Cash dividends distributed by the Company (NT\$0.80 per share) | - | - | - | - | (113,744) | - | - | (113,744) | - | (113,744) |
| Net profit for the three months ended March 31, 2024 | - | - | - | - | 21,277 | - | - | 21,277 | (8,992) | 12,285 |
| Other comprehensive income (loss) for the three months ended March, 31, 2024, net of income tax | - | - | - | - | 2,240 | 128,843 | 5,958 | 137,041 | 8,732 | 145,773 |
| Total comprehensive income (loss) for the three months ended March 31, 2024 | - | - | - | - | 23,517 | 128,843 | 5,958 | 158,318 | (260) | 158,058 |
| Changes in percentage of ownership interests in subsidiaries | - | 166 | - | - | - | - | - | 166 | (1,865) | (1,699) |
| BALANCE AT MARCH 31, 2024 | \$ 1,421,805 | \$ 1,227,804 | \$ 552,893 | \$ 305,480 | \$ 1,101,792 | (\$ 258,424) | \$ 24,824 | \$ 4,376,174 | \$ 572,801 | \$ 4,948,975 |

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 THREE MONTHS ENDED MARCH 31, 2024 and 2023 (In Thousands of New Taiwan Dollars)

| | Three Months Ended March 31 | |
|---|-----------------------------|-------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | \$ 20,792 | \$ 17,011 |
| Adjustments for: | | |
| Depreciation | 94,285 | 89,497 |
| Amortization | 966 | 1,301 |
| Expected credit loss | 1,278 | - |
| Loss (gain) on valuation of financial instruments at fair value through profit or loss, net | 1,837 | (984) |
| Interest expense | 5,049 | 3,684 |
| Interest income | (9,793) | (13,910) |
| Loss (gain) on disposal of property, plant and equipment, net | 5,913 | (90) |
| Net changes in operating assets and liabilities | | |
| Financial assets mandatorily classified as at fair value through profit or loss | 600 | 1,252 |
| Notes receivable | (28,271) | 11,403 |
| Accounts receivable | 3,002 | 155,887 |
| Accounts receivable - related parties | (14,491) | 42,086 |
| Other receivables | (2,847) | 28,262 |
| Inventories | (5,180) | 17,216 |
| Prepayments | (7,759) | (20,355) |
| Other current assets | (205) | 1,024 |
| Contract liabilities | (105) | (704) |
| Notes payable | 27 | (134) |
| Accounts payables | 391 | (27,070) |
| Accounts payable - related parties | (287) | (121) |
| Other payables | (63,907) | (132,555) |
| Other current liabilities | 75 | 5,425 |
| Net defined benefit assets | 2,744 | 3,235 |
| Cash generated from operations | 4,114 | 181,360 |
| Interest received | 52,218 | 3,062 |
| Interest paid | (4,956) | (3,599) |
| Income tax paid | (2,703) | (26,549) |
| Net cash generated from operating activities | 48,673 | 154,274 |

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TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2024 and 2023 (In Thousands of New Taiwan Dollars)

| | Three Months Ended March 31 | |
|---|-----------------------------|---------------------|
| | 2024 | 2023 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payment for financial assets at fair value through profit or loss | \$ - | (\$ 53,310) |
| Disposal of financial assets at fair value through profit or loss | 95,040 | - |
| Proceeds from repayments of financial assets at amortized cost | 396,300 | - |
| Payments for property, plant and equipment (Note 28) | (87,026) | (112,594) |
| Proceeds from disposal of property, plant and equipment (Note 28) | 30,772 | 998 |
| (Increase) decrease in refundable deposits | (1,949) | 299 |
| Payments for intangible assets | - | (314) |
| (Increase) decrease in other non-current assets | (74) | 716 |
| Net cash generated from (used in) investing activities | <u>433,063</u> | <u>(164,205)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Decrease in short-term borrowings | (6,653) | (50,706) |
| Increase (decrease) in guarantee deposits received | 464 | (89) |
| Changes in non-controlling interests | (1,699) | - |
| Repayment of the principal portion of lease liabilities | (<u>5,843</u>) | (<u>5,352</u>) |
| Net cash used in financing activities | <u>(13,731)</u> | <u>(56,147)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>94,834</u> | <u>13,432</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 562,839 | (52,646) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD | <u>1,596,526</u> | <u>2,768,862</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | <u>\$ 2,159,365</u> | <u>\$ 2,716,216</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 THREE MONTHS ENDED MARCH 31, 2024 and 2023 (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 May 10, 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, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

| New IFRSs | Effective Date Announced by IASB |
|--|-------------------------------------|
| Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback” | January 1, 2024 |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (in 2020) and “Non-current Liabilities with Covenants” (in 2022) | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements” | January 1, 2024 |

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

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--|---|
| 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 |

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|---|--|
| 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 |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note 2) |

Note 1: Unless stated otherwise, the above 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. When applying the amendments for the first time, comparative information shall not be restated. Instead, the effect is recognized in retained earnings or exchange differences of foreign operations under equity, whichever is appropriate, on the date of initial adoption, as well as affected assets and liabilities.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements”. Major changes in the new standard are as follows:

- Income and expense items on the statement of profit or loss shall be classified into categories of operating, investing, financing, income taxes and discontinued operations.
- Subtotals and totals of operating profit or loss, profit or loss before financing and income tax and profit or loss shall be presented on the statement of profit or loss.
- The Standard provides enhanced guidance on aggregation and disaggregation: The Group shall identify assets, liabilities, equity, income and expenses that arise from individual transactions or other events, and to group and aggregate them based on shared characteristics for line items in the primary financial statements to share at least one characteristic. Items with different characteristics shall be disaggregate in the primary financial statements and the notes. Only when the Group cannot find an appropriate descriptive label would “others” be used.
- Disclosures about management-defined performance measures are added: For public communications outside financial statements and the communication of management’s view on an aspect of the Group’s financial performance with the financial statement users, information associated with the management-defined performance measures shall be disclosed in a single note to the financial statements, including a description of the measures, how they are calculated, the reconciliation of the measures to subtotals or totals specified by the IFRS Accounting Standards, and the tax and non-controlling interests effects of relevant reconciliation items.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group’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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. They do not include all disclosures of IFRS Accounting Standards required in annual financial statements.

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 asset and the net defined benefit liability 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.

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 Group. 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.

See Note 13 and Tables 4 and 5 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

Details of Other Significant Accounting Policies

Except for descriptions set out below, please refer to the consolidated financial statements for the year ended December 31, 2023 for a summary of significant accounting policies.

a. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) 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:

- 1) Liabilities held primarily for the purpose of trading;
- 2) 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 consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have a substantial 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.

b. Defined benefit retirement benefit plan

Pension cost of an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the previous financial year and adjusted for significant market fluctuations, plan amendments or settlements, or other significant one-off events during the period.

c. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax of an interim period is calculated on an annual basis, i.e., applying the expected tax rate applicable to the annual earnings to the net profit before income tax of the interim period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Please refer to the critical accounting judgements and key sources of estimation uncertainty section in the consolidated financial statements for the year ended December 31, 2023 for details.

6. CASH AND CASH EQUIVALENTS

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------------------------|---------------------|----------------------|---------------------|
| Cash on hand | \$ 1,380 | \$ 1,379 | \$ 1,269 |
| Checking accounts and demand deposits | 1,155,800 | 816,805 | 662,318 |
| Cash equivalents | | | |
| Time deposits | <u>1,002,185</u> | <u>778,526</u> | <u>2,052,629</u> |
| | <u>\$ 2,159,365</u> | <u>\$ 1,596,526</u> | <u>\$ 2,716,216</u> |

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-----------------|-------------------|----------------------|-------------------|
| Demand deposits | 0.001%~1.45% | 0.001%~1.45% | 0.001%~1.25% |
| Time deposits | 0.80%~4.10% | 0.80%~3.70% | 0.975%~2.025% |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|-------------------|----------------------|-------------------|
| <u>Financial assets mandatorily classified as at FVTPL</u> | | | |
| Non-derivative financial assets | | | |
| Mutual funds | \$ - | \$ 51,328 | \$ 48,316 |
| Derivative financial assets (not under hedge accounting) | | | |
| Forward exchange contracts (a) | 27 | 1,007 | 11 |
| Hybrid financial assets | | | |
| Structured deposits (b) | <u>90,413</u> | <u>130,057</u> | <u>209,327</u> |
| | <u>\$ 90,440</u> | <u>\$ 182,392</u> | <u>\$ 257,654</u> |

Financial liabilities held for trading

| | | | |
|---|-----------------|--------------|---------------|
| Derivative financial liabilities (not under hedge accounting) | | | |
| Forward exchange contracts (a) | <u>\$ 1,123</u> | <u>\$ 24</u> | <u>\$ 374</u> |

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

| | Currency | Maturity | Notional Amount (In Thousands) |
|-----------------------|----------|------------|-----------------------------------|
| <u>March 31, 2024</u> | | | |
| Sell | JPY/NTD | 2024.04.25 | JPY 2,818/NTD 604 |
| Sell | JPY/NTD | 2024.05.23 | JPY 3,362/NTD 729 |
| Sell | JPY/NTD | 2024.06.21 | JPY 3,036/NTD 648 |
| Sell | JPY/NTD | 2024.07.23 | JPY 1,900/NTD 403 |
| Sell | JPY/NTD | 2024.08.23 | JYP 862/NTD 183 |
| Sell | EUR/NTD | 2024.04.25 | EUR 13/NTD 437 |
| Sell | EUR/NTD | 2024.05.24 | EUR 13/NTD 428 |
| Sell | EUR/NTD | 2024.06.25 | EUR 13/NTD 438 |
| 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 | 2024.05.03 | USD 89/NTD 2,749 |
| Sell | USD/NTD | 2024.05.06 | USD 199/NTD 6,159 |

(Continued)

| | Currency | Maturity | Notional Amount (In Thousands) |
|------|-----------------|-----------------|---|
| Sell | USD/NTD | 2024.06.06 | USD 203/NTD 6,159 |
| Sell | USD/NTD | 2024.07.02 | USD 80/NTD 2,521 |
| Sell | USD/NTD | 2024.07.04 | USD 267/NTD 8,227 |
| Sell | USD/NTD | 2024.08.05 | USD 219/NTD 6,775 |

December 31, 2023

| | | | |
|------|---------|------------|-------------------|
| 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 |

March 31, 2023

| | | | |
|------|---------|------------|-------------------|
| Sell | JPY/NTD | 2023.04.25 | JPY 2,390/NTD 535 |
| Sell | JPY/NTD | 2023.05.25 | JPY 3,450/NTD 801 |
| Sell | JPY/NTD | 2023.06.21 | JPY 3,090/NTD 700 |
| Sell | JPY/NTD | 2023.07.20 | JPY 508/NTD 114 |
| Sell | EUR/NTD | 2023.04.25 | EUR 13/NTD 419 |
| Sell | EUR/NTD | 2023.04.27 | EUR 65/NTD 2,104 |
| Sell | EUR/NTD | 2023.05.25 | EUR 13/NTD 418 |
| Sell | EUR/NTD | 2023.06.27 | EUR 13/NTD 417 |
| Sell | USD/NTD | 2023.04.06 | USD 127/NTD 3,858 |
| Sell | USD/NTD | 2023.04.10 | USD 157/NTD 4,677 |
| Sell | USD/NTD | 2023.05.04 | USD 52/NTD 1,566 |
| Sell | USD/NTD | 2023.05.05 | USD 87/NTD 2,602 |
| Sell | USD/NTD | 2023.06.02 | USD 57/NTD 1,710 |
| Sell | USD/NTD | 2023.06.07 | USD 127/NTD 3,784 |
| Sell | USD/NTD | 2023.07.04 | USD 48/NTD 1,447 |
| Sell | USD/NTD | 2023.07.05 | USD 149/NTD 4,456 |
| Sell | USD/NTD | 2023.08.02 | USD 36/NTD 1,082 |
| Sell | USD/NTD | 2023.08.04 | USD 59/NTD 1,773 |

(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 91 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 contains a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT AMORTIZED COST

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|-------------------|----------------------|-------------------|
| <u>Current</u> | | | |
| Time deposits with original maturities of more than three months | \$ 485,719 | \$ 882,019 | \$ - |

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|-------------------|----------------------|-------------------|
| Time deposits with original maturities of more than three months | 1.445%~4.125% | 1.31%~4.125% | - |

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|-------------------|----------------------|-------------------|
| <u>Non-current</u> | | | |
| Domestic investments | | | |
| Listed shares | | | |
| Ordinary shares - Zhen Ding Technology Holding Limited | \$ 45,175 | \$ 39,392 | \$ 41,199 |
| Unlisted shares | | | |
| Ordinary shares - Chipboard Technology Corporation | 15,875 | 15,577 | 14,590 |
| | \$ 61,050 | \$ 54,969 | \$ 55,789 |

10. NOTES RECEIVABLES, TRADE RECEIVABLES AND OTHER RECEIVABLES

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------------|-------------------|----------------------|-------------------|
| <u>Notes receivables</u> | | | |
| At amortized cost | \$ 79,451 | \$ 51,180 | \$ 66,907 |

Accounts receivables

(Continued)

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|-------------------|----------------------|-------------------|
| At amortized cost | | | |
| Gross carrying amount | \$ 793,862 | \$ 796,864 | \$ 685,233 |
| Less: Loss allowance | <u>1,302</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 792,560</u> | <u>\$ 796,864</u> | <u>\$ 685,233</u> |
| <u>Other receivables</u> | | | |
| Interest receivable | \$ 29,757 | \$ 72,182 | \$ 85,941 |
| Purchase of equipment on other's behalf | 11,651 | 11,743 | 15,305 |
| Bank retention accounts | 5,391 | 5,712 | 3,499 |
| Others | <u>10,148</u> | <u>6,888</u> | <u>11,489</u> |
| | <u>\$ 56,947</u> | <u>\$ 96,525</u> | <u>\$ 116,234</u> |
| | | | (Concluded) |

a. Notes receivable

The average credit period of notes receivable was 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.

b. Accounts receivable

1) At amortized cost

The average credit period of sales of goods was 90 to 150 days. No interest was charged on trade receivables. The Group adopts 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 and 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.

March 31, 2024

| | Not Past Due | Less than 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 180 Days | 181 to 360 Days | Over 361 Days | Total |
|-------------------------------|------------------|-------------------|---------------|----------------|-----------------|-----------------|---------------|------------------|
| Expected credit loss rate | 0% | 0%-50% | 50% | - | 0%-50% | - | - | |
| Gross carrying amount | \$764,594 | \$ 26,253 | \$ 1,390 | \$ - | \$ 1,625 | \$ - | \$ - | \$793,862 |
| Loss allowance (Lifetime ECL) | - | (144) | (695) | - | (463) | - | - | (1,302) |
| Amortized cost | <u>\$764,594</u> | <u>\$ 26,109</u> | <u>\$ 695</u> | <u>\$ -</u> | <u>\$ 1,162</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$792,560</u> |

December 31, 2023

| | Not Past Due | Less than 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 180 Days | 181 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> |

March 31, 2023

| | Not Past Due | Less than 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 180 Days | 181 to 360 Days | Over 361 Days | Total |
|-------------------------------|-------------------|-------------------|---------------|----------------|-----------------|-----------------|---------------|-------------------|
| Expected credit loss rate | 0% | 0% | - | - | - | - | - | |
| Gross carrying amount | \$ 669,890 | \$ 15,343 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 685,233 |
| Loss allowance (Lifetime ECL) | - | - | - | - | - | - | - | - |
| Amortized cost | <u>\$ 669,890</u> | <u>\$ 15,343</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 685,233</u> |

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

| | Three Months Ended March 31 | |
|---------------------------------|------------------------------------|-------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ - | \$ 2,959 |
| Add: Impairment loss recognized | 1,278 | - |
| Less: Amounts written off | - | (2,981) |
| Foreign exchange gain (loss) | <u>24</u> | <u>22</u> |
| Balance at March 31 | <u>\$ 1,302</u> | <u>\$ -</u> |

2) At FVTPL

For accounts receivable from related parties, the Group sells them to banks without recourse. The sale results in derecognizing these trade receivables because the Group transfers 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 three months ended March 31, 2024 and 2023 were as follows:

For the three months ended March 31, 2024

| Counterparties | Receivables Sold | Receivables Sold at March 31, 2024 | Advances Received | Not Yet Received as of March 31, 2024 | Retention | Interest Rates for Advances Received (%) | Credit Line |
|------------------------------------|------------------|------------------------------------|-------------------|---------------------------------------|-----------------|--|---------------------|
| Mega International Commercial Bank | <u>\$ 53,853</u> | <u>\$ 53,853</u> | <u>\$ 48,462</u> | <u>\$ 6</u> | <u>\$ 5,385</u> | 6.40 | US\$ 3,000 thousand |

For the three months ended March 31, 2023

| Counterparties | Receivables Sold | Receivables Sold at March 31, 2023 | Advances Received | Not Yet Received as of March 31, 2023 | Retention | Interest Rates for Advances Received (%) | Credit Line |
|------------------------------------|------------------|------------------------------------|-------------------|---------------------------------------|-----------------|--|---------------------|
| Mega International Commercial Bank | <u>\$ 33,254</u> | <u>\$ 33,254</u> | <u>\$ 29,755</u> | <u>\$ 193</u> | <u>\$ 3,306</u> | 6.24 | US\$ 3,000 thousand |

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

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

c. 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; thus, no loss allowance was recognized.

11. INVENTORIES

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-----------------|-------------------|-------------------|-------------------|
| Finished goods | \$ 284,367 | \$ 283,113 | \$ 309,417 |
| Raw materials | 168,408 | 159,534 | 241,220 |
| Supplies | 136,427 | 136,250 | 135,736 |
| Work in process | 46,629 | 50,535 | 35,255 |
| Merchandise | <u>16,749</u> | <u>17,191</u> | <u>8,646</u> |
| | <u>\$ 652,580</u> | <u>\$ 646,623</u> | <u>\$ 730,274</u> |

The nature of cost of goods sold is as follows:

| | Three Months Ended March 31 | |
|---------------------------------|-----------------------------|-------------------|
| | 2024 | 2023 |
| Cost of inventories sold | \$ 564,644 | \$ 483,087 |
| Inventory write-downs | 3,086 | 2,344 |
| Inventory loss for market price | <u>1,700</u> | <u>147</u> |
| | <u>\$ 569,430</u> | <u>\$ 485,578</u> |

12. PREPAYMENTS

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------|-------------------|----------------------|-------------------|
| Prepayment for expense | \$ 13,004 | \$ 13,536 | \$ 14,220 |
| Prepaid value-added tax | 7,723 | 42 | 15,972 |
| Prepaid purchases | <u>1,878</u> | <u>1,268</u> | <u>8,114</u> |
| | <u>\$ 22,605</u> | <u>\$ 14,846</u> | <u>\$ 38,306</u> |

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Entities included in the consolidated financial statements were as follows:

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | | | Note |
|---|---|---|-----------------------------|----------------------|-------------------|--------|
| | | | March 31, 2024 | December 31, 2023 | March 31, 2023 | |
| Topoint Technology Co., Ltd. | Topoint Technology Co., LTD. (B.V.I.) | International investment | 100 | 100 | 100 | |
| | Unipoint Technology Co., Ltd. | Processing print circuit board | 61.76 | 61.76 | 61.76 | |
| | Warpspeed Corporation (B.V.I.) | International trade | 100 | 100 | 100 | |
| | Topoint Japan Co., Ltd. | Selling electronic components | 100 | 100 | 100 | |
| | Unipoint Technology Holdings Co., Ltd. (B.V.I.) | International investment | 100 | 100 | 100 | |
| | Raypoint Precision Tools Co., Ltd. | International trade | 100 | 100 | 100 | |
| | Drilltek Corporation | Processing print circuit board | 58.72 | 58.72 | 58.72 | |
| | Cosmos Vacuum Technology Corporation | Vacuum coating and router bits | 57.56 | 57.14 | 57.14 | Note 7 |
| | Topoint Technology (Thailand) Co., Ltd. | Manufacturing, selling and processing micro-drills for printed circuit boards | 99.80 | 99.80 | - | Note 5 |
| Topoint Technology Co., LTD. (B.V.I.) | Shanghai Topoint Precision Technology Co., Ltd. | Manufacturing and selling precision equipment and measurement facilities | 100 | 100 | 100 | Note 1 |
| | Sharpoint Technology (Qinhuangdao) Co., Ltd. | Testing of drill bits and mounting plate blot holes | 100 | 100 | 100 | Note 2 |
| | Sharpoint Technology (Shenzhen) Co., Ltd. | Testing of drill bits and mounting plate blot holes | 100 | 100 | 100 | |
| | Sharpoint Technology (Suzhou) Co., Ltd. | Testing of drill bits and mounting plate blot holes | 100 | 100 | 100 | Note 3 |
| | Sharpoint Electronics (Huaian) Co., Ltd. | Testing of drill bits and mounting plate blot holes | 84 | 84 | 84 | Note 4 |
| Shanghai Topoint Precision Technology Co., Ltd. | Kunshan Restek Technology Co., Ltd. | Manufacturing, processing and selling print circuit board | 75 | 75 | 75 | |
| | Kunshan Topoint Technology Co., Ltd. | Drilling bits | 100 | 100 | 100 | |
| | Sharpoint Electronics (Huaian) Co., Ltd. | Testing of drill bits and mounting plate blot holes | 16 | 16 | 16 | |
| | Chengdu Raypoint Precision Tools Co., Ltd. | Cutting tools | 100 | 100 | 100 | |
| | Shanghai Ringpoint Nano Material Co., Ltd. | Processing metal products | 75 | 75 | 75 | |
| Sharpoint Electronics (Huaian) Co., Ltd. | Winpoint Electronics (Huaian) Co., Ltd. | Testing of drill bits and mounting plate blot holes | 100 | 100 | 100 | |
| Sharpoint Technology (Qinhuangdao) Co., Ltd. | Huangshi Topoint Technology Co., Ltd. | Drilling service | 100 | 100 | - | Note 6 |
| Unipoint Technology Co., Ltd. | Topmicron Investment Ltd. | International investment | 100 | 100 | 100 | |
| Cosmos Vacuum Technology Corporation | H&N Technology Co., Ltd. | International trade | 100 | 100 | 100 | |
| | Cosmos Integration Corp. | International investment | 100 | 100 | 100 | |

(Continued)

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | | | Note |
|----------------------------|--|--------------------------------|-----------------------------|----------------------|-------------------|------|
| | | | March 31, 2024 | December 31, 2023 | March 31, 2023 | |
| Cosmos Integration Corp. | Universal Technology Corp. | International investment | 100 | 100 | 100 | |
| Universal Technology Corp. | Cosmos Electronic Technology (Kunshan) Co., Ltd. | Vacuum coating and router bits | 100 | 100 | 100 | |

(Concluded)

Note 1: Shanghai Topoint Precision Technology Co., Ltd. approved the cash dividend distribution of RMB 294,345 thousand in the board of directors' meeting on June 17, 2023. Later, considering the funding needs for future operations, the board of directors amended the aforementioned profit distribution proposal to RMB 75,000 thousand.

Note 2: Sharpoint Technology (Qinhuangdao) Co., Ltd. approved the dividend distribution of RMB 30,665 thousand in the board of directors' meeting on May 23, 2023.

Note 3: Sharpoint Technology (Suzhou) Co., Ltd. approved the dividend distribution of RMB 13,824 thousand in the board of directors' meeting on May 26, 2023.

Note 4: Sharpoint Electronics (Huaian) Co., Ltd. approved the dividend distribution of RMB 14,658 thousand in the board of directors' meeting on June 17, 2023.

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

Note 6: Sharpoint Technology (Qinhuangdao) Co., Ltd. invested and established Huangshi Topoint Technology Co., Ltd. on November 28, 2023.

Note 7: The parent company acquired 160,428 shares of Cosmos Vacuum Technology Corporation from non-related party for \$1,699 thousand in January 2024. Therefore, the ownership interest of the Company in Cosmos Vacuum Technology Corporation increased from 57.14% to 57.56%.

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 | | |
|--------------------------------------|-----------------------------|---|----------------------|-------------------|
| | | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| Unipoint Technology Co., Ltd. | Taoyuan City | 38.24% | 38.24% | 38.24% |
| Cosmos Vacuum Technology Corporation | New Taipei City | 42.44% | 42.86% | 42.86% |

| Name of Subsidiary | Profit (Loss) Allocated to Non-controlling Interests | | Non-controlling Interests | | |
|--------------------------------------|--|------------|---------------------------|----------------------|-------------------|
| | Three Months Ended | | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| | 2024 | 2023 | | | |
| Unipoint Technology Co., Ltd. | (\$ 2,479) | (\$ 2,727) | \$ 264,998 | \$ 267,478 | \$ 270,620 |
| Cosmos Vacuum Technology Corporation | \$ 6,114 | (\$ 2,779) | \$ 190,421 | \$ 181,839 | \$ 187,700 |

The summarized financial information of subsidiaries below represents the amounts before intragroup elimination:

Unipoint Technology Co., Ltd. and Subsidiaries

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|------------------------------------|------------------------------|---------------------------|
| Current assets | \$ 519,016 | \$ 517,346 | \$ 546,313 |
| Non-current assets | 258,478 | 277,206 | 289,744 |
| Current liabilities | (78,608) | (88,357) | (115,740) |
| Non-current liabilities | (<u>5,899</u>) | (<u>6,724</u>) | (<u>12,630</u>) |
| Equity | <u>\$ 692,987</u> | <u>\$ 699,471</u> | <u>\$ 707,687</u> |
| Equity attributable to: | | | |
| Owners of Unipoint Technology Co., Ltd. | \$ 427,989 | \$ 431,993 | \$ 437,067 |
| Non-controlling interests of Unipoint Technology Co., Ltd. | <u>264,998</u> | <u>267,478</u> | <u>270,620</u> |
| | <u>\$ 692,987</u> | <u>\$ 699,471</u> | <u>\$ 707,687</u> |
| | Three Months Ended March 31 | | |
| | 2024 | 2023 | |
| Revenue | <u>\$ 41,641</u> | <u>\$ 32,532</u> | |
| Loss for the period | (<u>\$ 6,482</u>) | (<u>\$ 7,132</u>) | |
| Loss attributable to: | | | |
| Owners of Unipoint Technology Co., Ltd. | (\$ 4,003) | (\$ 4,405) | |
| Non-controlling interests of Unipoint Technology Co., Ltd. | (<u>2,479</u>) | (<u>2,727</u>) | |
| | (<u>\$ 6,482</u>) | (<u>\$ 7,132</u>) | |
| Net cash inflow (outflow) from: | | | |
| Operating activities | \$ 66,129 | \$ 32,501 | |
| Investing activities | (2,588) | (18,835) | |
| Financing activities | (<u>2,521</u>) | (<u>2,475</u>) | |
| Net cash inflow | <u>\$ 61,020</u> | <u>\$ 11,191</u> | |
| Dividends paid to non-controlling interests of Unipoint Technology Co., Ltd. | <u>\$ -</u> | <u>\$ -</u> | |

Cosmos Vacuum Technology Corporation and Subsidiaries

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------|---------------------------|------------------------------|---------------------------|
| Current assets | \$ 447,785 | \$ 452,517 | \$ 401,741 |
| Non-current assets | 108,528 | 108,242 | 117,965 |
| | | | (Continued) |

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|-------------------|----------------------|-------------------|
| Current liabilities | (\$ 96,446) | (\$ 130,436) | (\$ 71,978) |
| Non-current liabilities | (11,183) | (6,061) | (9,791) |
| Equity | <u>\$ 448,684</u> | <u>\$ 424,262</u> | <u>\$ 437,937</u> |
| Equity attributable to: | | | |
| Owners of Cosmos Vacuum Technology Corporation | \$ 258,263 | \$ 242,423 | \$ 250,237 |
| Non-controlling interests of Cosmos Vacuum Technology Corporation | <u>190,421</u> | <u>181,839</u> | <u>187,700</u> |
| | <u>\$ 448,684</u> | <u>\$ 424,262</u> | <u>\$ 437,937</u> |
| | | | (Concluded) |

| | <u>Three Months Ended March 31</u> | |
|---|------------------------------------|---------------------|
| | 2024 | 2023 |
| Revenue | <u>\$ 8,264</u> | <u>\$ 70,822</u> |
| Profit (loss) for the period | <u>\$ 14,359</u> | <u>(\$ 6,483)</u> |
| Profit (loss) attributable to: | | |
| Owners of Cosmos Vacuum Technology Corporation | \$ 8,245 | (\$ 3,704) |
| Non-controlling interests of Cosmos Vacuum Technology Corporation | <u>6,114</u> | <u>(2,779)</u> |
| | <u>\$ 14,359</u> | <u>(\$ 6,483)</u> |
| Net cash inflow (outflow) from: | | |
| Operating activities | (\$ 15,554) | \$ 12,097 |
| Investing activities | 19,616 | (2,948) |
| Financing activities | <u>-</u> | <u>-</u> |
| Net cash inflow | <u>\$ 4,062</u> | <u>\$ 9,149</u> |
| Dividends paid to non-controlling interests of Cosmos Vacuum Technology Corporation | <u>\$ -</u> | <u>\$ -</u> |

14. PROPERTY, PLANT AND EQUIPMENT

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------------|---------------------|----------------------|---------------------|
| Assets used by the Group | <u>\$ 1,942,983</u> | <u>\$ 1,943,578</u> | <u>\$ 1,965,076</u> |

| | Land | Buildings | Machinery and Equipment | Transportation Equipment | Office Equipment | Miscellaneous Equipment | Equipment to Be Inspected or under Construction | Total |
|----------------------------|-----------|------------|-------------------------|--------------------------|------------------|-------------------------|---|--------------|
| <u>Cost</u> | | | | | | | | |
| Balance at January 1, 2024 | \$ 75,652 | \$ 844,578 | \$ 6,916,031 | \$ 26,365 | \$ 17,886 | \$ 454,712 | \$ 8,386 | \$ 8,343,610 |
| Additions | - | 96 | 20,552 | 1,981 | 271 | 530 | 58,637 | 82,067 |
| Disposals | - | (41,836) | (19,654) | - | (256) | - | - | (61,746) |

(Continued)

| | Land | Buildings | Machinery and Equipment | Transportation Equipment | Office Equipment | Miscellaneous Equipment | Equipment to Be Inspected or under Construction | Total |
|--|------------------|-------------------|-------------------------|--------------------------|------------------|-------------------------|---|---------------------|
| Reclassification | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,200 | (\$ 3,200) | \$ - |
| Effect of foreign currency exchange differences | - | 21,182 | 155,472 | 511 | 483 | 3,317 | 1,855 | 182,820 |
| Balance at March 31, 2024 | <u>75,652</u> | <u>824,020</u> | <u>7,072,401</u> | <u>28,857</u> | <u>18,384</u> | <u>461,759</u> | <u>65,678</u> | <u>8,546,751</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance at January 1, 2024 | - | 436,207 | 5,635,556 | 16,285 | 11,958 | 300,026 | - | 6,400,032 |
| Depreciation expense | - | 7,742 | 66,853 | 932 | 503 | 12,066 | - | 88,096 |
| Disposals | - | (5,468) | (19,363) | - | (230) | - | - | (25,061) |
| Effect of foreign currency exchange differences | - | 9,126 | 129,182 | 293 | 182 | 1,918 | - | 140,701 |
| Balance at March 31, 2024 | <u>-</u> | <u>447,607</u> | <u>5,812,228</u> | <u>17,510</u> | <u>12,413</u> | <u>314,010</u> | <u>-</u> | <u>6,603,768</u> |
| Carrying amount at March 31, 2024 | <u>\$ 75,652</u> | <u>\$ 376,413</u> | <u>\$ 1,260,173</u> | <u>\$ 11,347</u> | <u>\$ 5,971</u> | <u>\$ 147,749</u> | <u>\$ 65,678</u> | <u>\$ 1,942,983</u> |
| Carrying amount at December 31, 2023 and January 1, 2024 | <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> |

(Concluded)

| | Land | Buildings | Machinery and Equipment | Transportation Equipment | Office Equipment | Miscellaneous Equipment | Equipment to Be Inspected or under Construction | Total |
|---|------------------|-------------------|-------------------------|--------------------------|------------------|-------------------------|---|---------------------|
| <u>Cost</u> | | | | | | | | |
| Balance at January 1, 2023 | \$ 75,652 | \$ 852,534 | \$ 6,539,958 | \$ 25,512 | \$ 15,973 | \$ 403,962 | \$ 107,783 | \$ 8,021,374 |
| Additions | - | 560 | 93,962 | 943 | 515 | 23,179 | 2,242 | 121,401 |
| Disposals | - | - | (2,612) | (567) | (162) | (405) | - | (3,746) |
| Reclassification | - | - | 15,875 | - | - | 10,618 | (26,493) | - |
| Effect of foreign currency exchange differences | - | 2,644 | 158,869 | 37 | 106 | 402 | 580 | 162,638 |
| Balance at March 31, 2023 | <u>75,652</u> | <u>855,738</u> | <u>6,806,052</u> | <u>25,925</u> | <u>16,432</u> | <u>437,756</u> | <u>84,112</u> | <u>8,301,667</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance at January 1, 2023 | - | 408,234 | 5,408,408 | 17,424 | 10,900 | 255,589 | - | 6,100,555 |
| Depreciation expense | - | 7,993 | 64,020 | 694 | 375 | 10,757 | - | 83,839 |
| Disposals | - | - | (1,756) | (567) | (146) | (369) | - | (2,838) |
| Effect of foreign currency exchange differences | - | 987 | 153,519 | 41 | 87 | 401 | - | 155,035 |
| Balance at March 31, 2023 | <u>-</u> | <u>417,214</u> | <u>5,624,191</u> | <u>17,592</u> | <u>11,216</u> | <u>266,378</u> | <u>-</u> | <u>6,336,591</u> |
| Carrying amount at March 31, 2023 | <u>\$ 75,652</u> | <u>\$ 438,524</u> | <u>\$ 1,181,861</u> | <u>\$ 8,333</u> | <u>\$ 5,216</u> | <u>\$ 171,378</u> | <u>\$ 84,112</u> | <u>\$ 1,965,076</u> |

Impairment loss was not recognized nor reversed for the three months ended March 31, 2024 and 2023.

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|------------------------------------|------------------------------|---------------------------|
| <u>Carrying amount</u> | | | |
| Land use right | \$ 47,621 | \$ 46,078 | \$ 48,033 |
| Buildings | 73,120 | 77,881 | 82,260 |
| Transportation equipment | <u>1,492</u> | <u>2,253</u> | <u>4,391</u> |
| | <u>\$ 122,233</u> | <u>\$ 126,212</u> | <u>\$ 134,684</u> |
| | Three Months Ended March 31 | | |
| | 2024 | 2023 | |
| Additions to right-of-use assets | | \$ - | \$ - |
| Depreciation charge for right-of-use assets | | | |
| Land use right | | \$ 311 | \$ 313 |
| Buildings | | 5,117 | 4,437 |
| Transportation equipment | | <u>761</u> | <u>908</u> |
| | | <u>\$ 6,189</u> | <u>\$ 5,658</u> |

Except for the additions and the depreciation expenses listed above, there was no indication of impairment of the right-of-use assets and no significant sublease for the three months ended March 31, 2024 and 2023.

b. Lease liabilities

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------|---------------------------|------------------------------|---------------------------|
| <u>Carrying amount</u> | | | |
| Current | <u>\$ 16,518</u> | <u>\$ 18,695</u> | <u>\$ 21,187</u> |
| Non-current | <u>\$ 58,388</u> | <u>\$ 61,687</u> | <u>\$ 65,467</u> |

Range of discount rates for lease liabilities was as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------------|---------------------------|------------------------------|---------------------------|
| Buildings | 1.50%~4.75% | 1.50%~4.75% | 1.50%~4.75% |
| Transportation equipment | 1.14%~4.75% | 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 buildings at the end of the lease terms.

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

d. Other lease information

| | Three Months Ended March 31 | |
|---|------------------------------------|---------------------|
| | 2024 | 2023 |
| Expenses relating to short-term leases | \$ <u>32</u> | \$ <u>11</u> |
| Expenses relating to low-value asset leases | \$ <u>93</u> | \$ <u>93</u> |
| Total cash outflow for leases | (\$ <u>6,427</u>) | (\$ <u>5,894</u>) |

The Group's leases of certain transportation equipment and buildings for the use of plants 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 does not recognize right-of-use assets and lease liabilities for these leases.

16. INTANGIBLE ASSETS

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------|---------------------------|------------------------------|---------------------------|
| Computer software | \$ 4,512 | \$ 5,422 | \$ 6,655 |
| Goodwill | <u>8,378</u> | <u>8,378</u> | <u>8,378</u> |
| | <u>\$ 12,890</u> | <u>\$ 13,800</u> | <u>\$ 15,033</u> |

Movements in computer software were as follows:

| | Computer Software |
|--|------------------------------|
| <u>Cost</u> | |
| Balance at January 1, 2024 | \$ 18,980 |
| Additions | - |
| Effect of foreign currency exchange differences | <u>224</u> |
| Balance at March 31, 2024 | <u>19,204</u> |
| <u>Accumulated amortization</u> | |
| Balance at January 1, 2024 | 13,558 |
| Amortization expense | 966 |
| Effect of foreign currency exchange differences | <u>168</u> |
| Balance at March 31, 2024 | <u>14,692</u> |
| Carrying amount at March 31, 2024 | <u>\$ 4,512</u> |
| Carrying amount at December 31, 2023 and January 1, 2024 | <u>\$ 5,422</u> |
| <u>Cost</u> | |
| Balance at January 1, 2023 | \$ 16,612 |
| Additions | 314 |
| Effect of foreign currency exchange differences | <u>58</u> |
| Balance at March 31, 2023 | <u>16,984</u> |

(Continued)

**Computer
Software**

Accumulated amortization

| | |
|---|--------------------------------|
| Balance at January 1, 2023 | \$ 8,982 |
| Amortization expense | 1,301 |
| Effect of foreign currency exchange differences | <u>46</u> |
| Balance at March 31, 2023 | <u>10,329</u> |
| Carrying amount at March 31, 2023 | <u>\$ 6,655</u> (Concluded) |

Impairment loss was not recognized nor reversed for the three months ended March 31, 2024 and 2023.

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-----------------------------|---------------------------|------------------------------|---------------------------|
| <u>Current</u> | | | |
| Restricted deposits | \$ 7,093 | \$ 7,084 | \$ 7,035 |
| Payment on behalf of others | 941 | 909 | 379 |
| Others | <u>308</u> | <u>144</u> | <u>131</u> |
| | <u>\$ 8,342</u> | <u>\$ 8,137</u> | <u>\$ 7,545</u> |
| <u>Non-current</u> | | | |
| Prepayments for equipment | \$ 152,116 | \$ 105,643 | \$ 151,772 |
| Refundable deposits | 23,546 | 21,597 | 18,965 |
| Long-term prepaid expenses | 10,359 | 10,285 | 10,211 |
| Net defined benefit asset | <u>9,084</u> | <u>6,265</u> | <u>4,457</u> |
| | <u>\$ 195,105</u> | <u>\$ 143,790</u> | <u>\$ 185,405</u> |

The restricted deposits pledged as collateral are set out in Note 32.

18. BORROWINGS

- a. Short-term borrowings

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------|-------------------|----------------------|-------------------|
| Unsecured borrowings | \$ 471,779 | \$ 78,432 | \$ 28,330 |
| Secured borrowings (Note 32) | <u>26,000</u> | <u>26,000</u> | <u>26,000</u> |
| | <u>\$ 497,779</u> | <u>\$ 104,432</u> | <u>\$ 54,330</u> |
| Interest rate | 2.161%-6.25% | 2.15%-6.45% | 2.125%-5.68% |

b. Long-term borrowings

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|-------------------|----------------------|-------------------|
| <u>Unsecured borrowings</u> | | | |
| Syndicated borrowing - Mega International Commercial Bank, et al. | \$ - | \$ 400,000 | \$ 400,000 |
| Less: Current portion | <u>-</u> | <u>-</u> | <u>-</u> |
| Long-term borrowings | <u>\$ -</u> | <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 March 31, 2023 is as follows:

| | Credit Line | Amount to Be Paid | Interest Rate | Repayment |
|--------------------------|--------------|----------------------|------------------|---|
| <u>December 31, 2023</u> | | | | |
| Unsecured borrowing | \$ 1,000,000 | \$ 400,000 | 2.161% | 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. |

| | Credit Line | Amount to Be Paid | Interest Rate | Repayment |
|-----------------------|--------------------|------------------------------|--------------------------|---|
| <u>March 31, 2023</u> | | | | |
| Unsecured borrowing | \$ 1,000,000 | \$ 400,000 | 2.0242%~ 2.0719% | 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 March 31, 2023, the Company had met all such criteria.

19. ACCOUNTS PAYABLE

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------|---------------------------|------------------------------|---------------------------|
| Accounts payable - operating | <u>\$ 211,443</u> | <u>\$ 211,052</u> | <u>\$ 147,462</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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------------|------------------------------|---------------------------|
| Accrued payroll and employee benefits | \$ 325,338 | \$ 349,009 | \$ 344,136 |
| Dividends payable | 113,744 | - | 284,361 |
| Compensation of employees and remuneration of directors | 79,196 | 107,675 | 128,649 |
| Payable for purchase of equipment | 92,753 | 51,239 | 58,051 |
| Payable for annual leave | 12,939 | 13,305 | 12,129 |
| Others | <u>100,102</u> | <u>111,400</u> | <u>125,718</u> |
| | <u>\$ 724,072</u> | <u>\$ 632,628</u> | <u>\$ 953,044</u> |

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company, Unipoint Technology Co., Ltd., Drilltek Corporation and Cosmos Vacuum Technology Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a Republic of China 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.

Topoint Technology Co., Ltd. (B.V.I.), Warpspeed 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. do not have employee retirement policies in place.

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

| | Three Months Ended March 31 | |
|--------------------|------------------------------------|-------------|
| | 2024 | 2023 |
| Operating costs | \$ 8,645 | \$ 9,081 |
| Operating expenses | \$ 4,368 | \$ 4,203 |

b. Defined benefit plan

Pensions under defined benefit plan is calculated using the actuarially determined pension cost rates as of December 31, 2023 and 2022 and recognized in the following item:

| | Three Months Ended March 31 | |
|--------------------|------------------------------------|-------------|
| | 2024 | 2023 |
| Operating expenses | \$ 58 | \$ 73 |

22. EQUITY

a. Share capital - ordinary shares

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------------|---------------------------|------------------------------|---------------------------|
| Registered shares (thousands) | 300,000 | 300,000 | 300,000 |
| Registered capital | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 |
| Issued shares (thousands) | 142,181 | 142,181 | 142,181 |
| Issued capital | \$ 1,421,805 | \$ 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 and bonds with warrant attached.

b. Capital surplus

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------|----------------------|---------------------|
| 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 | \$ 1,190,843 |
| Exercise of employee share options | 8,992 | 8,992 | 8,992 |
| Expiry of employee share options | 8,408 | 8,408 | 8,408 |
| <u>May be used to offset a deficit only</u> | | | |
| Changes in percentage of ownership interest in subsidiaries (2) | <u>19,561</u> | <u>19,395</u> | <u>19,395</u> |
| | <u>\$ 1,227,804</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 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 January 2024, and the ownership interest increased from 57.14% to 57.56%, and increased capital surplus - changes in percentage of ownership interest in subsidiaries by \$166 thousand.

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 2023 and 2022 proposed and approved in the board of directors' meeting and shareholders' meetings on February 27, 2024 and May 31, 2023, respectively, were as follows:

| | Appropriation of Earnings | | Dividends Per Share (NT\$) | |
|----------------------------|----------------------------------|-------------|-----------------------------------|-------------|
| | Year Ended December 31 | | Year Ended December 31 | |
| | 2023 | 2022 | 2023 | 2022 |
| Legal reserve | \$ - | \$ 33,510 | | |
| Special reserve (reversed) | 62,921 | (57,754) | | |
| Cash dividends | 113,744 | 284,361 | \$ 0.80 | \$ 2.00 |

The above appropriations of cash dividends have been resolved by the Company's board of directors on February 27, 2024 and February 20, 2023, respectively. The other proposed appropriations for 2022 have been resolved by the shareholders' meeting on May 31, 2023. The other proposed appropriations for 2023 will be resolved in the shareholders' meeting 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

| | Three Months Ended March 31 | |
|---------------------------|------------------------------------|------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 18,866 | \$ 16,734 |
| Recognized for the period | | |
| Unrealized gain | <u>5,958</u> | <u>3,360</u> |
| Balance at March 31 | <u>\$ 24,824</u> | <u>\$ 20,094</u> |

e. Non-controlling interests

| | Three Months Ended March 31 | |
|--|------------------------------------|-------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 574,926 | \$ 596,404 |
| Attributable to non-controlling interests: | | |
| Share of loss for the period | (8,992) | (3,182) |

(Continued)

| | Three Months Ended March 31 | |
|--|------------------------------------|----------------------------------|
| | 2024 | 2023 |
| Exchange difference arising on translation of foreign entities | \$ 8,609 | \$ 4,088 |
| Unrealized gain/(loss) of financial assets at PVTOCI | 123 | 76 |
| Acquisition of non-controlling interests in Cosmos Vacuum Technology Co., Ltd. | (<u>1,865</u>) | <u>-</u> |
| Balance at March 31 | <u>\$ 572,801</u> | <u>\$ 597,386</u> (Concluded) |

23. REVENUE

a. Contract balances

| | March 31, 2024 | December 31, 2023 | March 31, 2023 | January 1, 2023 |
|---|---------------------------|------------------------------|---------------------------|----------------------------|
| Notes receivables (Note 10) | <u>\$ 79,451</u> | <u>\$ 51,180</u> | <u>\$ 66,907</u> | <u>\$ 78,310</u> |
| Accounts receivable (Note 10) | <u>\$ 792,560</u> | <u>\$ 796,864</u> | <u>\$ 685,233</u> | <u>\$ 841,120</u> |
| Accounts receivable - related parties (Note 31) | <u>\$ 125,526</u> | <u>\$ 111,035</u> | <u>\$ 71,318</u> | <u>\$ 113,404</u> |
| Contract liabilities | | | | |
| Sale of goods | <u>\$ 729</u> | <u>\$ 834</u> | <u>\$ 194</u> | <u>\$ 898</u> |

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

Revenues of the reporting period recognized from the beginning balance of contract liabilities with performance obligations satisfied are as follows:

| | Three Months Ended March 31 | |
|---|------------------------------------|---------------|
| | 2024 | 2023 |
| From the beginning contract liabilities | | |
| Sale of goods | <u>\$ 834</u> | <u>\$ 898</u> |

b. Disaggregation of revenue

| | Three Months Ended March 31 | |
|--|------------------------------------|-------------------|
| | 2024 | 2023 |
| Precision metal products and processing services | \$ 720,088 | \$ 605,990 |
| Others | <u>16,297</u> | <u>10,647</u> |
| | <u>\$ 736,385</u> | <u>\$ 616,637</u> |

c. Partially completed contracts

Expected schedule for revenue recognition is as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------|-------------------|----------------------|-------------------|
| Sale of goods | | | |
| - In 2023 | \$ - | \$ - | \$ 194 |
| - In 2024 | <u>729</u> | <u>834</u> | <u>-</u> |
| | <u>\$ 729</u> | <u>\$ 834</u> | <u>\$ 194</u> |

24. NET PROFIT

Net profit includes the following items:

a. Depreciation and amortization expenses

| | Three Months Ended March 31 | |
|---|------------------------------------|------------------|
| | 2024 | 2023 |
| An analysis of depreciation by function | | |
| Operating costs | \$ 79,324 | \$ 75,939 |
| Operating expenses | <u>14,961</u> | <u>13,558</u> |
| | <u>\$ 94,285</u> | <u>\$ 89,497</u> |
| An analysis of amortization by function | | |
| Operating costs | \$ 333 | \$ 403 |
| General and administrative expenses | <u>633</u> | <u>898</u> |
| | <u>\$ 966</u> | <u>\$ 1,301</u> |

b. Other operating income and expenses

| | Three Months Ended March 31 | |
|--|------------------------------------|--------------|
| | 2024 | 2023 |
| (Loss) gain on disposal of property, plant and equipment | (\$ <u>5,913</u>) | <u>\$ 90</u> |

c. Employee benefit expenses

| | Three Months Ended March 31 | |
|-----------------------------------|------------------------------------|-------------------|
| | 2024 | 2023 |
| Post-employment benefit (Note 21) | | |
| Defined contribution plans | \$ 13,013 | \$ 13,284 |
| Defined benefit plans | <u>58</u> | <u>73</u> |
| | 13,071 | 13,357 |
| Other employee benefits | <u>226,944</u> | <u>204,511</u> |
| Total employee benefit expenses | <u>\$ 240,015</u> | <u>\$ 217,868</u> |

(Continued)

| | Three Months Ended March 31 | |
|---|------------------------------------|-------------------|
| | 2024 | 2023 |
| An analysis of employee benefit expense by function | | |
| Operating costs | \$ 164,299 | \$ 153,873 |
| Operating expenses | <u>75,716</u> | <u>63,995</u> |
| | <u>\$ 240,015</u> | <u>\$ 217,868</u> |
| | | (Concluded) |

d. Compensation of employees and remuneration of directors

The Company accrued compensation of employees at a rate no less than 1% and no higher than 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. The compensation of employees and remuneration of directors for the three months ended March 31, 2024 and 2023 were as follows:

Accrual rate

| | Three Months Ended March 31 | |
|---------------------------|------------------------------------|-------------|
| | 2024 | 2023 |
| Compensation of employees | 15.0% | 15.0% |
| Remuneration of directors | 2.5% | 2.5% |

Amount

| | Three Months Ended March 31 | |
|---------------------------|------------------------------------|-------------|
| | 2024 | 2023 |
| Compensation of employees | \$ 5,051 | \$ 3,378 |
| Remuneration of directors | 842 | 563 |

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.

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:

Amount

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

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, 2023 and 2022.

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 on foreign currency exchange

| | Three Months Ended March 31 | |
|----------------------------------|------------------------------------|---------------|
| | 2024 | 2023 |
| Foreign currency exchange gains | \$ 14,262 | \$ 7,138 |
| Foreign currency exchange losses | (12,294) | (6,272) |
| Net gain | <u>\$ 1,968</u> | <u>\$ 866</u> |

25. INCOME TAXES

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

Major components of income tax expense are as follows:

| | Three Months Ended March 31 | |
|---|------------------------------------|-----------------|
| | 2024 | 2023 |
| <u>Current tax</u> | | |
| In respect of the current period | \$ 8,333 | \$ 3,420 |
| <u>Deferred tax</u> | | |
| In respect of the current period | <u>174</u> | <u>600</u> |
| Income tax expense recognized in profit or loss | <u>\$ 8,507</u> | <u>\$ 4,020</u> |

- b. Income tax recognized in other comprehensive income

| | Three Months Ended March 31 | |
|---------------------------------------|------------------------------------|--------------|
| | 2024 | 2023 |
| <u>Deferred tax</u> | | |
| In respect of the current period | | |
| Remeasurement on defined benefit plan | <u>\$ 560</u> | <u>\$ 47</u> |

- c. Income tax assessments

Income tax returns of Unipoint Technology Co., Ltd., Drilltek Corporation and Cosmos Vacuum Technology Corporation through 2022 have been examined and cleared by the tax authorities.

Income tax returns of the Company 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

| | Three Months Ended March 31 | |
|--|------------------------------------|------------------|
| | 2024 | 2023 |
| Profit for the computation of basic and diluted earnings per share | \$ <u>21,277</u> | \$ <u>16,173</u> |

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

| | Three Months Ended March 31 | |
|---|------------------------------------|----------------|
| | 2024 | 2023 |
| Weighted average number of ordinary shares in computation of basic earnings per share | 142,181 | 142,181 |
| Effect of potentially dilutive ordinary shares: | | |
| Compensation of employees | <u>907</u> | <u>1,763</u> |
| Weighted average number of ordinary shares in computation of diluted earnings per share | <u>143,088</u> | <u>143,944</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 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.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On January 30, 2024, the Group acquired the equity of Cosmos Vacuum Technology Corporation from non-controlling interests, and the ownership interest increased from 57.14% to 57.56%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

28. PARTIAL CASH TRANSACTIONS

a. Non-cash transaction

For the three months ended March 31, 2024 and 2023, the Group entered into the following partial cash investing activities, which were not reflected in the consolidated statements of cash flows:

| | Three Months Ended March 31 | |
|---|------------------------------------|-------------------|
| | 2024 | 2023 |
| Cash paid for property, plant and equipment acquisition | | |
| Increase in property, plant and equipment | \$ 82,067 | \$ 121,401 |
| Net change in prepayments for equipment | 46,473 | (62,814) |
| Net change in payable for purchase of equipment | (<u>41,514</u>) | <u>54,007</u> |
| Cash paid | <u>\$ 87,026</u> | <u>\$ 112,594</u> |

(Continued)

| | Three Months Ended March 31 2024 | 2023 |
|--|-------------------------------------|---------------|
| Cash received from disposal of property, plant and equipment | | |
| Disposal of property, plant and equipment | \$ 36,685 | \$ 908 |
| Net (loss) gain on disposal of property, plant and equipment | (5,913) | 90 |
| Cash received | <u>\$ 30,772</u> | <u>\$ 998</u> |
| | | (Concluded) |

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2024

| | Beginning Balance | Cash Flows | Non-cash Changes | | | Ending Balance |
|-----------------------------|----------------------|----------------------|------------------|---------------------|------------------|-------------------|
| | | | New Leases | Foreign Exchange | Reclassification | |
| Short-term borrowings | \$ 104,432 | (\$ 6,653) | \$ - | \$ - | \$ 400,000 | \$ 497,779 |
| Long-term borrowings | 400,000 | - | - | - | (400,000) | - |
| Guarantee deposits received | 12,563 | 464 | - | - | - | 13,027 |
| Lease liabilities | <u>80,382</u> | <u>(5,843)</u> | <u>-</u> | <u>367</u> | <u>-</u> | <u>74,906</u> |
| | <u>\$ 597,377</u> | <u>(\$ 12,032)</u> | <u>\$ -</u> | <u>\$ 367</u> | <u>\$ -</u> | <u>\$ 585,712</u> |

For the three months ended March 31, 2023

| | Beginning Balance | Cash Flows | Non-cash Changes | | Ending Balance |
|-----------------------------|----------------------|----------------------|------------------|---------------------|-------------------|
| | | | New Leases | Foreign Exchange | |
| Short-term borrowings | \$105,036 | (\$ 50,706) | \$ - | \$ - | \$ 54,330 |
| Guarantee deposits received | 12,539 | (89) | - | - | 12,450 |
| Lease liabilities | <u>92,005</u> | <u>(5,352)</u> | <u>-</u> | <u>1</u> | <u>86,654</u> |
| | <u>\$209,580</u> | <u>(\$ 56,147)</u> | <u>\$ -</u> | <u>\$ 1</u> | <u>\$153,434</u> |

29. CAPITAL RISK 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 balances.

30. 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 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

March 31, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|------------------|------------------|-------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Derivative financial assets | \$ - | \$ 27 | \$ - | \$ 27 |
| Structured deposit | - | 90,413 | - | 90,413 |
| Accounts receivable - related parties | - | - | 23,807 | 23,807 |
| Other receivables | - | - | 5,391 | 5,391 |
| | <u>\$ -</u> | <u>\$ 90,440</u> | <u>\$ 29,198</u> | <u>\$ 119,638</u> |

Financial assets at FVTOCI

| | | | | |
|-----------------|------------------|-------------|------------------|------------------|
| Listed shares | \$ 45,175 | \$ - | \$ - | \$ 45,175 |
| Unlisted shares | - | - | 15,875 | 15,875 |
| | <u>\$ 45,175</u> | <u>\$ -</u> | <u>\$ 15,875</u> | <u>\$ 61,050</u> |

Financial liabilities at
FVTPL

| | | | | |
|------------------------------------|------|----------|------|----------|
| Derivative financial instrument | \$ - | \$ 1,123 | \$ - | \$ 1,123 |
|------------------------------------|------|----------|------|----------|

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 | 5,721 |
| | <u>\$ 51,328</u> | <u>\$ 131,064</u> | <u>\$ 23,294</u> | <u>\$ 205,686</u> |

Financial assets at FVTOCI

| | | | | |
|-----------------|------------------|-------------|------------------|------------------|
| Listed shares | \$ 39,392 | \$ - | \$ - | \$ 39,292 |
| 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 |
|------------------------------------|------|-------|------|-------|

March 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|--|------------------|-------------------|------------------|-------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Derivative financial assets | \$ - | \$ 11 | \$ - | \$ 11 |
| Mutual funds | 48,316 | - | - | 48,316 |
| Structured deposit | - | 209,327 | - | 209,327 |
| Accounts receivable - related parties | - | - | 8,767 | 8,767 |
| Other receivables | <u>-</u> | <u>-</u> | <u>3,499</u> | <u>3,499</u> |
| | <u>\$ 48,316</u> | <u>\$ 209,338</u> | <u>\$ 12,266</u> | <u>\$ 269,920</u> |

Financial assets at FVTOCI

| | | | | |
|-----------------|------------------|-------------|------------------|------------------|
| Listed shares | \$ 41,199 | \$ - | \$ - | \$ 41,199 |
| Unlisted shares | <u>-</u> | <u>-</u> | <u>14,590</u> | <u>14,590</u> |
| | <u>\$ 41,199</u> | <u>\$ -</u> | <u>\$ 14,590</u> | <u>\$ 55,789</u> |

Financial liabilities at
FVTPL

| | | | | |
|------------------------------------|-------------|---------------|-------------|---------------|
| Derivative financial instrument | <u>\$ -</u> | <u>\$ 374</u> | <u>\$ -</u> | <u>\$ 374</u> |
|------------------------------------|-------------|---------------|-------------|---------------|

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

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

For the three months ended March 31, 2024

| Financial Assets | Financial Assets at FVTPL Financial Instruments | Financial Assets at FVTOCI Equity Instrument | Total |
|---|--|---|-------------------|
| Balance at January 1, 2024 | \$ 23,294 | \$ 15,577 | \$ 38,871 |
| Recognized in unrealized gain/(loss) on financial assets at FVTOCI | - | 298 | - |
| Purchases | 77,660 | - | 77,660 |
| Settlements | (<u>71,756</u>) | <u>-</u> | (<u>71,756</u>) |
| Balance at March 31, 2024 | <u>\$ 29,198</u> | <u>\$ 15,875</u> | <u>\$ 44,775</u> |

For the three months ended March 31, 2023

| Financial Assets | Financial Assets at FVTPL | Financial Assets at FVTOCI | Total |
|---|--------------------------------------|---------------------------------------|------------------|
| | Financial Instruments | Equity Instrument | |
| Balance at January 1, 2023 | \$ 19,361 | \$ 14,406 | \$ 33,767 |
| Recognized in unrealized gain/(loss) on financial assets at FVTOCI | - | 184 | 184 |
| Purchases | 42,021 | - | 42,021 |
| Settlements | (49,116) | - | (49,116) |
| Balance at March 31, 2023 | <u>\$ 12,266</u> | <u>\$ 14,590</u> | <u>\$ 26,856</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 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) Non-principal protected wealth management products and 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.
- f) The unlisted equity investment is evaluated using asset-based approach. 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.

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------------|---------------------------|------------------------------|---------------------------|
| Discount for lack of marketability | 10% | 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:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------------|---------------------------|------------------------------|---------------------------|
| Discount for lack of marketability | | | |
| 5% increase | (\$ 770) | (\$ 770) | (\$ 769) |
| 5% decrease | <u>\$ 770</u> | <u>\$ 770</u> | <u>\$ 769</u> |

c. Categories of financial instruments

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------------|-------------------|----------------------|-------------------|
| <u>Financial assets</u> | | | |
| Fair value through profit or loss | | | |
| Mandatorily classified as at FVTPL | \$ 119,638 | \$ 225,686 | \$ 269,920 |
| Financial assets at amortized cost | | | |
| (Note 1) | 3,670,370 | 3,510,855 | 3,643,642 |
| Financial assets at FVTOCI | 61,050 | 54,969 | 55,789 |
| <u>Financial liabilities</u> | | | |
| Fair value through profit or loss | | | |
| Held for trading | 1,123 | 24 | 374 |
| Amortized cost (Note 2) | 916,739 | 767,910 | 965,746 |

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 payable, 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 16% 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 5% of costs were not denominated in the functional currency of the entity in the Group.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and the carrying amounts of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Notes 7 and 34.

Sensitivity analysis

The Group was mainly exposed to U.S. dollars, Japanese yen, Euros and Swiss franc.

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. 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.

| | U.S. Dollars | | | | Swiss Franc | |
|---------------|--------------------|----------|--------------------|----------|--------------------|----------|
| | USD:NTD | | USD:RMB | | CHF:RMB | |
| | Three Months Ended | | Three Months Ended | | Three Months Ended | |
| | March 31 | | March 31 | | March 31 | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Profit (loss) | (\$ 926) | (\$ 426) | \$ 264 | \$ 77 | \$ 5 | \$ 2 |
| | Japanese Yen | | Euros | | | |
| | JPY:NTD | | EUR:RMB | | EUR:NTD | |
| | Three Months Ended | | Three Months Ended | | Three Months Ended | |
| | March 31 | | March 31 | | March 31 | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Profit (loss) | (\$ 5) | \$ 69 | (\$ 85) | (\$ 107) | (\$ 106) | (\$ 174) |

This was mainly attributable to the exposure outstanding on U.S. dollars, Japanese yen, Euros and Swiss franc cash in the bank, bank loans, receivables and payables at the end of the reporting period.

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:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------------|-------------------|----------------------|-------------------|
| Fair value interest rate risk | | | |
| Financial assets | \$ 1,496,450 | \$ 1,668,904 | \$ 2,060,520 |
| Financial liabilities | 74,906 | 80,382 | 86,654 |
| Cash flows interest rate risk | | | |
| Financial assets | 1,154,347 | 817,360 | 661,462 |
| Financial liabilities | 497,779 | 504,432 | 454,330 |

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 period. 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 profit for the three months ended March 31, 2024 would have increased/decreased by \$410 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 three months ended March 31, 2023 would have increased/decreased by \$129 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 three months ended March 31, 2023 would have been increased/decreased by \$2,416 thousand 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 three months ended March 31, 2024 and 2023 would have increased/decreased by \$3,053 thousand and \$2,789 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 32.08%, 37.65% and 35.01% in total trade receivables as of March 31, 2024, December 31, 2023 and March 31, 2023, 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 March 31, 2024, December 31, 2023 and March 31, 2023, the available borrowing facilities were \$1,591,948 thousand, \$1,585,295 thousand and \$1,683,707 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.

March 31, 2024

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | More than 5 Years |
|---|---|-------------------|-------------------------------|------------------|------------------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Variable interest rate liabilities | \$ 12,401 | \$ 29,398 | \$455,980 | \$ - | \$ - |
| Lease liabilities | <u>2,100</u> | <u>5,949</u> | <u>12,010</u> | <u>54,025</u> | <u>5,027</u> |
| | <u>\$ 14,501</u> | <u>\$ 35,347</u> | <u>\$467,990</u> | <u>\$ 54,025</u> | <u>\$ 5,027</u> |

December 31, 2023

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | More than 5 Years |
|---|---|-------------------|-------------------------------|-------------------|------------------------------|
| <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> |

March 31, 2023

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | More than 5 Years |
|---|---|-------------------|-------------------------------|-------------------|------------------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Variable interest rate liabilities | \$ - | \$ 11,490 | \$ 42,840 | \$ 400,000 | \$ - |
| Lease liabilities | <u>1,930</u> | <u>5,671</u> | <u>15,088</u> | <u>57,455</u> | <u>11,729</u> |
| | <u>\$ 1,930</u> | <u>\$ 17,161</u> | <u>\$ 57,928</u> | <u>\$ 457,455</u> | <u>\$ 11,729</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.

March 31, 2024

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years |
|------------------------------------|---|-------------------|-------------------------------|------------------|
| <u>Gross settled</u> | | | | |
| Foreign exchange forward contracts | | | | |
| Inflows | \$ 9,840 | \$ 17,310 | \$ 18,109 | \$ - |
| Outflows | (10,000) | (17,871) | (18,484) | - |
| | (\$ 160) | (\$ 561) | (\$ 375) | \$ - |

December 31, 2023

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years |
|------------------------------------|---|-------------------|-------------------------------|------------------|
| <u>Gross settled</u> | | | | |
| Foreign exchange forward contracts | | | | |
| Inflows | \$ 8,082 | \$ 20,439 | \$ 15,562 | \$ - |
| Outflows | (8,084) | (19,950) | (15,146) | - |
| | (\$ 78) | (\$ 489) | (\$ 416) | \$ - |

March 31, 2023

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years |
|------------------------------------|---|-------------------|-------------------------------|------------------|
| <u>Gross settled</u> | | | | |
| Foreign exchange forward contracts | | | | |
| Inflows | \$ 11,593 | \$ 11,999 | \$ 8,871 | \$ - |
| Outflows | (11,774) | (12,140) | (8,912) | - |
| | (\$ 181) | (\$ 141) | (\$ 41) | \$ - |

e. Transfers of financial assets

For factored trade receivables for the three months ended March 31, 2024 and 2023, refer to Note 10.

31. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions, incomes and expenses 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, details of transactions are disclosed below.

a. The Group's related parties

| Related Party | Relationship with the Group |
|--|---|
| 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-FPC Technology (Kunshan) Inc. | Investee of Unimicron Technology Corporation |
| Unimicron Technology (Suzhou) Corp. | Investee of Unimicron Technology Corporation |
| Qun Hong Technology Inc. | Subsidiary of Unimicron Technology Corporation |
| Unimicron-Carrier Technology (Huangshi) Inc. | Investee of Unimicron Technology Corporation |
| Unimicron Technology (Huangshi) Corp. | Investee of Unimicron Technology Corporation |
| Subtron Technology Co., Ltd. | Subsidiary of Unimicron Technology Corporation |
| Key management personnel | |
| Macking International Investment Corporation | Director of the Company |

b. Operating revenue

| Related Party Category/Name | Three Months Ended March 31 | |
|----------------------------------|-----------------------------|------------------|
| | 2024 | 2023 |
| Other related parties | | |
| Unimicron Technology Corporation | \$ 99,449 | \$ 59,203 |
| Others | <u>21,581</u> | <u>9,234</u> |
| | <u>\$ 121,030</u> | <u>\$ 68,437</u> |

c. Purchases of goods

| Related Party Category/Name | Three Months Ended March 31 | |
|-----------------------------|-----------------------------|-----------------|
| | 2024 | 2023 |
| Other related parties | <u>\$ 1,871</u> | <u>\$ 1,779</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 | Three Months Ended March 31 | |
|--|-----------------------------|---------------|
| | 2024 | 2023 |
| Key management personnel | | |
| Macking International Investment Corporation | <u>\$ -</u> | <u>\$ 466</u> |

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

e. Receivables from related parties

| Related Party Category/Name | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------------|---------------------------|------------------------------|---------------------------|
| <u>Accounts receivable</u> | | | |
| Other related parties | | | |
| Unimicron Technology Corporation | \$ 82,555 | \$ 83,173 | \$ 57,176 |
| Others | <u>42,971</u> | <u>27,862</u> | <u>14,142</u> |
| | <u>\$ 125,526</u> | <u>\$ 111,035</u> | <u>\$ 71,318</u> |

The accounts receivable from related parties are unsecured. For the three months ended March 31, 2024 and 2023, no impairment loss was recognized for accounts receivables from related parties.

f. Payables to related parties

| Related Party Category/Name | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------------|---------------------------|------------------------------|---------------------------|
| Other related parties | <u>\$ 470</u> | <u>\$ 757</u> | <u>\$ 549</u> |

The accounts payable to related parties are unsecured.

g. Compensation of key management personnel

| | Three Months Ended March 31 | |
|------------------------------|------------------------------------|-----------------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 5,600 | \$ 5,126 |
| Post-employment benefits | <u>27</u> | <u>27</u> |
| | <u>\$ 5,627</u> | <u>\$ 5,153</u> |

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------------|---------------------------|------------------------------|---------------------------|
| Property, plant and equipment | \$ 145,544 | \$ 146,666 | \$ 151,197 |
| Restricted deposits | <u>7,093</u> | <u>7,084</u> | <u>7,035</u> |
| | <u>\$ 152,637</u> | <u>\$ 153,750</u> | <u>\$ 158,232</u> |

33. SIGNIFICANT SUBSEQUENT EVENTS: None.

34. 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:

March 31, 2024

| | Foreign Currency | Exchange Rate | Carrying Amount |
|-------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 7,797 | 32.000 (USD:NTD) | \$ 249,496 |
| USD | 367 | 7.0950 (USD:RMB) | 11,749 |
| KRW | 250 | 0.0239 (KRW:NTD) | 6 |
| JPY | 158,977 | 0.2115 (JPY:NTD) | 33,624 |
| EUR | 248 | 7.8176 (EUR:RMB) | 8,540 |
| EUR | 443 | 34.460 (EUR:NTD) | 15,266 |

Financial liabilities

| | | | |
|----------------|---------|------------------|---------|
| Monetary items | | | |
| USD | 4,904 | 32.000 (USD:NTD) | 156,915 |
| USD | 1,191 | 7.0950 (USD:RMB) | 38,115 |
| JPY | 144,649 | 0.2115 (JPY:NTD) | 30,593 |
| CHF | 13 | 8.0490 (CHF:RMB) | 466 |
| EUR | 136 | 34.460 (EUR:NTD) | 4,697 |

December 31, 2023

| | Foreign Currency | Exchange Rate | Carrying Amount |
|-------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 7,400 | 30.705 (USD:NTD) | \$ 277,230 |
| 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 | 33.980 (EUR:NTD) | 17,022 |

Financial liabilities

| | | | |
|----------------|---------|------------------|---------|
| 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 | 33.980 (EUR:NTD) | 2,325 |

March 31, 2023

| | Foreign Currency | Exchange Rate | Carrying Amount |
|-------------------------|---------------------|------------------|--------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 5,827 | 30.450 (USD:NTD) | \$ 177,422 |
| USD | 158 | 6.8717 (USD:RMB) | 4,804 |
| KRW | 250 | 0.0236 (KRW:NTD) | 6 |
| JPY | 122,645 | 0.2288 (JPY:NTD) | 28,061 |
| EUR | 324 | 7.4945 (EUR:RMB) | 10,745 |
| EUR | 657 | 33.150 (EUR:NTD) | 21,786 |

Financial liabilities

| | | | |
|----------------|---------|------------------|---------|
| Monetary items | | | |
| USD | 4,428 | 30.450 (USD:NTD) | 134,847 |
| USD | 412 | 6.8717 (USD:RMB) | 12,546 |
| JPY | 143,469 | 0.2288 (JPY:NTD) | 32,826 |
| CHF | 7 | 7.5237 (CHF:RMB) | 237 |
| EUR | 133 | 33.150 (EUR:NTD) | 4,422 |

For the three months ended March 31, 2024 and 2023, (realized and unrealized) net foreign exchange gains were \$1,968 thousand and \$866 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.

35. 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: None
- 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 30

10) Intercompany relationships and significant intercompany transactions: Table 7

11) Information on investees (excluding investees in mainland China): Table 4

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, 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 5

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 6

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 6

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: Table 2

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

36. 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

| Items | Three Months Ended March 31, 2024 | | | | |
|----------------------------------|-----------------------------------|-------------------|------------|-------------|------------|
| | Taiwan | Mainland China | Others | Elimination | Total |
| Revenues from external customers | \$ 331,705 | \$ 400,845 | \$ 3,835 | \$ - | \$ 736,385 |
| Intersegment revenues | \$ 80,926 | \$ 1,431 | \$ - | (\$ 82,357) | \$ - |
| Segment income (loss) | (\$ 7,411) | \$ 31,953 | (\$ 2,042) | (\$ 1,708) | \$ 20,792 |

| Items | Three Months Ended March 31, 2023 | | | | |
|----------------------------------|-----------------------------------|-------------------|-----------------|--------------------|-------------------|
| | Taiwan | Mainland China | Others | Elimination | Total |
| Revenues from external customers | <u>\$ 287,453</u> | <u>\$ 324,749</u> | <u>\$ 4,435</u> | <u>\$ -</u> | <u>\$ 616,637</u> |
| Intersegment revenues | <u>\$ 54,742</u> | <u>\$ 2,927</u> | <u>\$ -</u> | <u>(\$ 57,669)</u> | <u>\$ -</u> |
| Segment income (loss) | <u>(\$ 14,811)</u> | <u>\$ 22,739</u> | <u>(\$ 315)</u> | <u>\$ 9,398</u> | <u>\$ 17,011</u> |

b. Segment total assets

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------------|---------------------|----------------------|---------------------|
| Taiwan | \$ 3,131,122 | \$ 3,218,581 | \$ 3,068,225 |
| Mainland China | 3,732,478 | 3,504,347 | 4,023,542 |
| Others | <u>11,644</u> | <u>13,179</u> | <u>16,628</u> |
| Consolidated total assets | <u>\$ 6,875,244</u> | <u>\$ 6,736,107</u> | <u>\$ 7,108,395</u> |

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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 | \$ 11,633 (JPY 55,000 thousand) | \$ 11,633 (JPY 55,000 thousand) | \$ 11,633 (JPY 55,000 thousand) | 0.60 | Short-term financing | \$ - | Operating turnover | \$ - | - | \$ - | \$ 4,376,174 (Note 1) | \$ 4,376,174 (Note 1) | |
| 3 | Shanghai Topoint Precision Technology Co., Ltd. | Kunshan Topoint Technology Co., Ltd. | Other receivables | Yes | 90,204 (RMB 20,000 thousand) | 90,204 (RMB 20,000 thousand) | 90,204 (RMB 20,000 thousand) | 4.75 | Short-term financing | - | Operating turnover | - | - | - | 4,376,174 (Note 1) | 4,376,174 (Note 1) | |
| | | Chengdu Raypoint Precision Tools Co., Ltd. | Other receivables | Yes | 4,510 (RMB 1,000 thousand) | 4,510 (RMB 1,000 thousand) | 1,353 (RMB 300 thousand) | 4.75 | Short-term financing | - | Operating turnover | - | - | - | 4,376,174 (Note 1) | 4,376,174 (Note 1) | |
| | | Sharpoint Technology (Qinhuangdao) Co., Ltd. | Other receivables | Yes | 135,306 (RMB 30,000 thousand) | 135,306 (RMB 30,000 thousand) | 45,102 (RMB 10,000 thousand) | 4.75 | Short-term financing | - | Operating turnover | - | - | - | 4,376,174 (Note 1) | 4,376,174 (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 March 31, 2024.

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 THREE MONTHS ENDED MARCH 31, 2024
(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 (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 on Behalf of Subsidiaries (Note 5) | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 5) | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 5) | Note |
|-----|------------------------------|--|--------------|--|--|--|-------------------------------|--|--|--|--|--|---|--------|
| | | Name | Relationship | | | | | | | | | | | |
| 0 | Topoint Technology Co., Ltd. | Topoint Technology Co., Ltd. (B.V.I.) | b. | \$ 2,625,704 (Note 2) | \$ 96,000 (US\$ 3,000 thousand) | \$ 96,000 (US\$ 3,000 thousand) | \$ - | \$ - | 2.19 | \$ 4,376,174 (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 March 31, 2024. The maximum endorsement/guarantee provided for a single party is limited to 60% of the net value of the Company as of March 31, 2024.

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, given 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
MARCH 31, 2024
(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 | March 31, 2024 | | | | 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 (FVTOCI) | 363,000 | \$ 45,175 | 0.40 | \$ 45,175 | Note 1 |
| Drilltek Corporation | <u>Shares</u> Chipboard Technology Co., Ltd. | - | Financial assets at fair value through other comprehensive income (FVTOCI) | 663,000 | 15,875 | 7.73 | 15,875 | Note 1 |

Note 1: The fair value of listed shares of the financial assets at FVTOCI was calculated on the closing price of the shares as of March 31, 2023. If there is no market for unlisted shares, the estimated market value is assessed based on the fair value evaluation method.

Note 2: For the information of the investment in subsidiaries, refer to Tables 4 and 5.

TABLE 4

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES (EXCLUDING INVESTEEES IN MAINLAND CHINA)
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | March 31, 2024 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) (Notes 6 and 7) |
|--------------------------------------|---|----------------------------|---|----------------------------------|----------------------------------|---------------------|-------|---------------------------------------|---|--|
| | | | | March 31, 2024 | December 31, 2023 | Number of Shares | % | Carrying Amount (Notes 6 and 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 | \$ 3,289,214 | \$ 17,806 | \$ 19,879 (Note 1) |
| | Unipoint Technology Co., Ltd. | Republic of China | Processing print circuit board | 305,299 | 305,299 | 30,696,297 | 61.76 | 424,335 | (6,482) | (3,995) (Note 2) |
| | Warspeed Corporation (B.V.I.) | British Virgin Islands | International trade | 1,569 | 1,569 | 50,000 | 100 | 2,152 | 393 | 393 |
| | Topoint Japan Co., Ltd. | Japan | Selling electronic components | 7,667 | 7,667 | 600 | 100 | (3,885) | (819) | (819) |
| | Unipoint Technology Holdings Co., Ltd. (B.V.I.) | British Virgin Islands | International investment | - | - | - | 100 | 15 | - | - |
| | Raypoint Precision Tools Co., Ltd. | Republic of Seychelles | International trade | 1,511 | 1,511 | 50,000 | 100 | 1,256 | (249) | (249) |
| | Drilltek Corporation | Republic of China | Processing print circuit board | 123,482 | 123,482 | 7,692,816 | 58.72 | 142,218 | (666) | (809) (Note 3) |
| | Cosmos Vacuum Technology Corporation | Republic of China | Vacuum coating and router bits | 280,343 | 278,644 | 22,069,491 | 57.56 | 253,416 | 14,359 | 8,215 (Note 4) |
| | Topoint Technology (Thailand) Co., Ltd. | Thailand | Manufacturing, selling and processing micro-drills for printed circuit boards | 199,866 | 199,866 | 21,776,000 | 99.80 | 191,676 | (1,223) | (1,221) |
| Unipoint Technology Co., Ltd. | Topmicron Investment Ltd. | Independent State of Samoa | International investment | - | - | - | 100 | 6 | - | - |
| Cosmos Vacuum Technology Corporation | H&N Technology Co., Ltd. | St. Kitts Nevis | International trade | 6,939 (US\$ 200 thousand) | 6,939 (US\$ 200 thousand) | 200,000 | 100 | 16,384 | 80 | 80 |
| | Cosmos Integration Corp. | St. Kitts Nevis | International investment | 241,571 (US\$ 7,422 thousand) | 241,571 (US\$ 7,422 thousand) | 7,422,000 | 100 | 253,853 | 22,840 | 22,840 |
| Cosmos Integration Corp. | Universal Technology Corp. | St. Kitts Nevis | International investment | 215,793 (US\$ 6,630 thousand) | 215,793 (US\$ 6,630 thousand) | 6,630,000 | 100 | 255,496 | 22,840 | 22,840 |

Note 1: Investment gain is the investee’s net gain of \$17,806 thousand plus realized profits of \$2,073 thousand from upstream and side stream intercompany transactions.

Note 2: Investment loss is the investee’s net loss of \$4,003 thousand plus realized profits of \$8 thousand from upstream and side stream intercompany transactions.

Note 3: Investment loss is the investee’s net loss of \$391 thousand minus amortization of premium of \$418 thousand.

Note 4: Investment gain is the investee’s net gain of \$8,245 thousand minus unrealized profits of \$425 thousand from upstream intercompany transactions and amortization of premium of \$16,035 thousand.

Note 5: The investees’ financial statements used as basis for calculating investment gains (losses) recognized have all been reviewed.

Note 6: Eliminated from the consolidated financial statements.

Note 7: For information on investee companies in mainland China, refer to Table 5.

TABLE 5

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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, 2024 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 | 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 March 31, 2024 (Notes 6 and 11) | Accumulated Repatriation of Investment Income as of March 31, 2024 | 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) | \$ 13,223 | 100% | \$ 13,223 | \$ 2,635,636 | \$ 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) | 9,120 | 100% | 9,120 | 280,805 | 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) | (659) | 100% | (659) | 74,244 | - | |
| | 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) | 634 | 100% | 634 | 182,387 | 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 8) | Indirect: Through an investment company registered in a third region (Note 2) | 259,808 (US\$ 8,400 thousand) | - | - | 259,808 (US\$ 8,400 thousand) | (1,374) | 100% (Note 8) | (1,374) | 328,467 (Note 8) | 54,437 (US\$ 1,707 thousand) | |
| | Chengdu Raypoint Precision Tools Co., Ltd. | Cutting equipment | 453,943 (RMB 97,000 thousand) (Note 9) | 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 4) | - (Note 4) | - | - | - (Note 4) | - | 75% | - | - | - | |
| | Kunshan Topoint Technology Co., Ltd. | Drilling bits | 97,228 (RMB 20,800 thousand) | Other (Note 4) | - (Note 4) | - | - | - (Note 4) | (2,399) | 100% | (2,399) | 85,876 | - | |
| | Sharpoint Electronics (Huaian) Co., Ltd. | Testing of drill bits and mounting plate bolt holes | 308,875 (US\$ 10,000 thousand) (Note 8) | Other (Note 4) | - (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 9) | Other (Note 4) | - (Note 9) | - | - | - (Note 9) | (4,122) (Note 9) | 100% (Note 9) | (4,122) (Note 9) | 214,716 (Note 9) | - | |
| | Shanghai Ringpoint Nano Material Co., Ltd. | Processing metal products | 58,660 (RMB 12,000 thousand) | Other (Note 4) | - (Note 4) | - | - | - (Note 4) | 1,454 | 75% | 1,091 | 60,700 | - | |
| 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 5) | - (Note 5) | - | - | - (Note 5) | (687) | 100% | (687) | 60,557 | - | |
| Sharpoint Technology (Qinhuangdao) Co., Ltd. | Huangshi Topoint Technology Co., Ltd. | Drilling service | 151,732 (RMB 35,000 thousand) | Other (Note 5) | - (Note 6) | - | - | - (Note 5) | (1,091) | 100% | (1,091) | 156,746 | - | |
| 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) | (22,840) | 100% | (22,840) | 236,843 | - | |

(Continued)

| Investor Company Name | Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024 | 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) | \$ 2,625,704 |
| Cosmos Vacuum Technology Corporation | 217,775 (US\$ 6,700 thousand) | 241,271 (US\$ 7,422 thousand) | 269,211 |

- 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: The investment company registered in a third region is Unipoint Technology Holdings Co., Ltd. (B.V.I.).
- Note 4: Invested and established by the owned fund of Shanghai Topoint Precision Technology Co., Ltd.
- Note 5: Invested and established by the owned fund of Sharpoint Electronics (Huaian) Co., Ltd.
- Note 6: Net income (loss), investment gains (losses) and carrying values were recognized on the basis of the investees’ financial statements reviewed 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 investments from Topoint Technology Co., Ltd. (B.V.I.) and Shanghai Topoint Precision Technology Co., Ltd. were US\$8,400 thousand (84%) and US\$1,600 thousand (16%), respectively. The recognition of loss on investment was \$1,154 thousand and \$220 thousand, respectively, which led to the ending balances of investments of \$275,912 thousand and \$52,555 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. (BVI) 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 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 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.
- Note 11: Eliminated from the consolidated financial statements.

(Concluded)

TABLE 6

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 THREE MONTHS ENDED MARCH 31, 2024
(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 Normal Transactions | Ending Balance | % to Total | | |
| 0 | Topoint Technology Co., Ltd. | Shanghai Topoint Precision Technology Co., Ltd. | Sales | \$ 23,499 | 10 | Based on mutual agreement | Based on mutual agreement | \$ 13,792 | 6 | \$ 20,055 | Notes 1 and 2 |
| | | | Purchase | 4,751 | 2 | Based on mutual agreement | Based on mutual agreement | (3,661) | 6 | - | Notes 1 and 2 |
| | | Sharpoint Technology (Qinhuangdao) Co., Ltd. | Sales | 1,497 | 1 | Based on mutual agreement | Based on mutual agreement | 1,194 | 1 | 278 | Notes 1 and 2 |
| 1 | Raypoint Precision Tools Co., Ltd. | Shanghai Topoint Precision Technology Co., Ltd. | Sales | 34,339 | 14 | Based on mutual agreement | Based on mutual agreement | 8,454 | 4 | - | Notes 1 and 2 |

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.

Note 2: Eliminated from the consolidated financial statements.

TABLE 7

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

| No. (Note 1) | Company | Counterparty | Flow of Transactions (Note 2) | Transaction Details | | | |
|-----------------|------------------------------|--|-------------------------------------|---|--------------------|-------------------------------|---|
| | | | | Financial Statement Account | Amount (Note 5) | Transaction Terms (Note 3) | % to Consolidated Sales or Total Assets (Note 4) |
| 0 | Topoint Technology Co., Ltd. | Raypoint Precision Tools Co., Ltd. | a | Accounts receivable - related parties | \$ 8,454 | - | - |
| | | | | Sales | 34,339 | - | 5 |
| | | Shanghai Topoint Precision Technology Co., Ltd. | a | Accounts receivable - related parties | 13,792 | - | - |
| | | | | Inventories | 278 | - | - |
| | | | | Accounts payable - related parties | 3,661 | - | - |
| | | | | Deferred credits | 140,621 | - | 2 |
| | | | | Sales | 23,499 | - | 3 |
| | | | | Realized profit | 17,390 | - | 2 |
| | | | | Unrealized profit | 20,055 | - | 3 |
| | | | | Cost of goods sold | 15,304 | - | - |
| | | | | Gain on disposal of property, plant and equipment | 4,026 | - | - |
| | | | | Accounts receivable - related parties | 50 | - | - |
| | | Topoint Technology (Thailand) Co., Ltd. Topoint Japan Co., Ltd. | a | Accounts receivable - related parties | 2,968 | - | - |
| | | | | Deferred credits | 1,246 | - | - |
| | | | | Sales | 1,652 | - | - |
| | | | | Unrealized profit | 49 | - | - |
| | | | | Cost of goods sold | 1,246 | - | - |
| | | | | Rental revenue | 320 | - | - |
| | | | | Other income | 640 | - | - |
| | | | a | Accounts receivable - related parties | 6,771 | - | - |
| | | | | Refundable deposits | 300 | - | - |
| | | | | Guarantee deposits received | 3 | - | - |
| | | | | Deferred credits | 2,314 | - | - |
| | | | | Sales | 2,882 | - | - |
| | | | | Unrealized profit | 511 | - | - |
| | | | | Cost of goods sold | 1,242 | - | - |
| | | | | Rental revenue | 9 | - | - |
| | | | | Other income | 1,994 | - | - |
| | | Sharpoint Technology (Shenzhen) Co., Ltd. | a | Cost of goods sold | 124 | - | - |
| | | | | Accounts receivable - related parties | 754 | - | - |
| | | | | Sales | 739 | - | - |
| | | Sharpoint Technology (Qinhuangdao) Co., Ltd. | a | Accounts receivable - related parties | 1,194 | - | - |
| | | | | Deferred credits | 1,701 | - | - |
| | | | | Sales | 1,497 | - | - |
| | | | | Realized profit | 587 | - | - |
| | | | | Unrealized profit | 301 | - | - |
| | | | | Cost of goods sold | 301 | - | - |
| | | | | Other income | 95 | - | - |

(Continued)

| No. (Note 1) | Company | Counterparty | Flow of Transactions (Note 2) | Transaction Details | | | |
|-----------------|---|---|-------------------------------------|---------------------------------------|--------------------|-------------------------------|---|
| | | | | Financial Statement Account | Amount (Note 5) | Transaction Terms (Note 3) | % to Consolidated Sales or Total Assets (Note 4) |
| | | Sharpoint Technology (Suzhou) Co., Ltd. | a | Deferred credits | \$ 711 | - | - |
| | | | | Cost of goods sold | 61 | - | - |
| | | | | Other income | 47 | - | - |
| | | Kunshan Topoint Technology Co., Ltd. | a | Deferred credits | 2,882 | - | - |
| | | | | Accounts receivable - related parties | 683 | - | - |
| | | | | Other income | 326 | - | - |
| | | Drilltek Corporation | a | Accounts receivable - related parties | 12,157 | - | - |
| | | | | Sales | 7,747 | - | 1 |
| | | | | Other income | 240 | - | - |
| | | | | Cost of goods sold | 484 | - | - |
| | | | | Accounts payable - related parties | 91 | - | - |
| | | | | Realized profit | 542 | - | - |
| | | Cosmos Vacuum Technology Corporation | a | Other income | 240 | - | - |
| | | | | Sales | 1,195 | - | - |
| | | | | Cost of goods sold | 11,065 | - | 2 |
| | | | | Accounts receivable - related parties | 885 | - | - |
| | | | | Accounts payable - related parties | 11,783 | - | - |
| 1 | Topoint Technology Co., Ltd. (B.V.I.) | Topoint Japan Co., Ltd. | c | Accounts receivable - related parties | 11,633 | - | - |
| | | | | Interest income | 18 | - | - |
| 2 | Raypoint Precision Tools Co., Ltd. | Topoint Technology Co., Ltd. | b | Accounts payable - related parties | 8,454 | - | - |
| | | | | Cost of goods sold | 34,339 | - | 5 |
| | | Shanghai Topoint Precision Technology Co., Ltd. | c | Accounts receivable - related parties | 30,849 | - | - |
| | | | | Sales | 41,354 | - | 6 |
| 3 | Shanghai Topoint Precision Technology Co., Ltd. | Topoint Technology Co., Ltd. | b | Accounts receivable - related parties | 3,661 | - | - |
| | | | | Inventories | 20,055 | - | - |
| | | | | Machinery and equipment | 100,182 | - | 1 |
| | | | | Accumulated depreciation | 220,749 | - | 3 |
| | | | | Accounts payable - related parties | 13,792 | - | - |
| | | | | Sales | 4,751 | - | - |
| | | | | Cost of goods sold | 44,638 | - | 6 |
| | | Raypoint Precision Tools Co., Ltd. | c | Accounts payable - related parties | 30,849 | - | - |
| | | | | Cost of goods sold | 41,354 | - | 6 |
| | | Sharpoint Technology (Qinhuangdao) Co., Ltd. | c | Accounts receivable - related parties | 51,436 | - | 1 |
| | | | | Sales | 3,516 | - | - |
| | | | | Rental revenue | 113 | - | - |
| | | | | Interest income | 1,105 | - | - |
| | | Sharpoint Technology (Shenzhen) Co., Ltd. | c | Accounts receivable - related parties | 123 | - | - |
| | | | | Sales | 81 | - | - |
| | | Sharpoint Technology (Suzhou) Co., Ltd. | c | Accounts receivable - related parties | 109 | - | - |
| | | Huangshi Topoint Technology Co., Ltd. | c | Accounts payable - related parties | 2,722 | - | - |
| | | | | Cost of goods sold | 1,937 | - | - |
| | | Kunshan Topoint Technology Co., Ltd. | c | Accounts receivable - related parties | 97,828 | - | 1 |
| | | | | Accounts payable - related parties | 2,548 | - | - |
| | | | | Cost of goods sold | 6,641 | - | 1 |
| | | | | Interest income | 1,003 | - | - |
| | | | | Rental revenue | 428 | - | - |

(Continued)

| No. (Note 1) | Company | Counterparty | Flow of Transactions (Note 2) | Transaction Details | | | |
|-----------------|--|--|-------------------------------------|---------------------------------------|--------------------|-------------------------------|---|
| | | | | Financial Statement Account | Amount (Note 5) | Transaction Terms (Note 3) | % to Consolidated Sales or Total Assets (Note 4) |
| | | Sharpoint Electronics (Huaian) Co., Ltd. | c | Sales | \$ 3,502 | - | - |
| | | | | Accounts payable - related parties | 32,467 | - | - |
| | | Winpoint Electronics (Huaian) Co., Ltd. | c | Sales | 22,542 | - | 3 |
| | | | | Sales | 1,306 | - | - |
| | | | | Accounts receivable - related parties | 2,853 | - | - |
| | | Shanghai Ringpoint Nano Material Co., Ltd. | c | Accounts payable - related parties | 8,614 | - | - |
| | | | | Rental revenue | 177 | - | - |
| | | | | Other operating revenue | 360 | - | - |
| | | | | Cost of goods sold | 7,483 | - | 1 |
| | | Cosmos Electronic Technology (Kunshan) Co., Ltd. | c | Accounts payable - related parties | 28,736 | - | - |
| | | | | Sales | 6,739 | - | - |
| | | | | Cost of goods sold | 34,657 | - | 2 |
| 4 | Topoint Japan Co., Ltd. | Topoint Technology Co., Ltd. | b | Inventories | 1,246 | - | - |
| | | | | Accounts payable - related parties | 2,968 | - | - |
| | | | | Cost of goods sold | 3,809 | - | 1 |
| | | Topoint Technology Co., Ltd. (B.V.I.) | c | Accounts payable - related parties | 11,633 | - | - |
| | | | | Interest expenses | 18 | - | - |
| 5 | Unipoint Technology Co., Ltd. | Topoint Technology Co., Ltd. | b | Refundable deposits | 3 | - | - |
| | | | | Inventories | 1,541 | - | - |
| | | | | Accounts payable - related parties | 6,771 | - | - |
| | | | | Guarantee deposits received | 300 | - | - |
| | | | | Cost of goods sold | 6,928 | - | 1 |
| | | | | Rental revenue | 300 | - | - |
| | | | | Rental expenses | 9 | - | - |
| | | | | Machinery and equipment | 3,097 | - | - |
| | | | | Accumulated depreciation | 2,323 | - | - |
| 6 | Sharpoint Technology (Qinhuangdao) Co., Ltd. | Topoint Technology Co., Ltd. | b | Inventories | 301 | - | - |
| | | | | Cost of goods sold | 2,180 | - | - |
| | | | | Machinery and equipment | 3,818 | - | - |
| | | | | Accumulated depreciation | 2,418 | - | - |
| | | | | Accounts payable - related parties | 1,194 | - | - |
| | | Shanghai Topoint Precision Technology Co., Ltd. | c | Inventories | 401 | - | - |
| | | | | Accounts receivable - related parties | 51,436 | - | 1 |
| | | | | Cost of goods sold | 3,630 | - | - |
| | | Winpoint Electronics (Huaian) Co., Ltd. | c | Accounts receivable - related parties | 155 | - | - |
| | | | | Rental revenue | 101 | - | - |
| | | Kunshan Topoint Technology Co., Ltd. | c | Accounts receivable - related parties | 10,494 | - | - |
| | | | | Accounts payable - related parties | 216 | - | - |
| | | | | Sales | 186 | - | - |
| | | | | Cost of goods sold | 6,653 | - | 1 |
| 7 | Sharpoint Technology (Shenzhen) Co., Ltd. | Topoint Technology Co., Ltd. | b | Supplies | 124 | - | - |
| | | | | Cost of goods sold | 855 | - | - |
| | | | | Accounts payable - related parties | 754 | - | - |
| | | Huangshi Topoint Technology Co., Ltd. | c | Accounts receivable - related parties | 320 | - | - |
| | | Shanghai Topoint Precision Technology Co., Ltd. | c | Accounts payable - related parties | 123 | - | - |

(Continued)

| No. (Note 1) | Company | Counterparty | Flow of Transactions (Note 2) | Transaction Details | | | |
|-----------------|--|--|-------------------------------------|---------------------------------------|--------------------|-------------------------------|---|
| | | | | Financial Statement Account | Amount (Note 5) | Transaction Terms (Note 3) | % to Consolidated Sales or Total Assets (Note 4) |
| | | | | Sales | \$ 81 | - | - |
| 8 | Sharpoint Technology (Suzhou) Co., Ltd. | Topoint Technology Co., Ltd. | b | Machinery and equipment | 3,356 | - | - |
| | | | | Accumulated depreciation | 2,644 | - | - |
| | | | | Cost of goods sold | 47 | - | - |
| | | Shanghai Topoint Precision Technology Co., Ltd. | c | Accounts payable - related parties | 109 | - | - |
| 9 | Kunshan Topoint Technology Co., Ltd. | Topoint Technology Co., Ltd. | b | Machinery and equipment | 53,895 | - | - |
| | | | | Accumulated depreciation | 51,012 | - | - |
| | | | | Cost of goods sold | 352 | - | - |
| | | | | Accounts payable - related parties | 683 | - | - |
| | | Shanghai Topoint Precision Technology Co., Ltd. | c | Sales | 447 | - | - |
| | | | | Accounts receivable - related parties | 2,548 | - | - |
| | | | | Accounts payable - related parties | 97,828 | - | 1 |
| | | | | Interest expense | 1,003 | - | - |
| | | Sharpoint Precision Tools Co., Ltd. | c | Sales | 6,641 | - | - |
| | | | | Cost of goods sold | 3,930 | - | - |
| | | | | Accounts payable - related parties | 10,494 | - | - |
| | | | | Accounts receivable - related parties | 215 | - | - |
| | | Winpoint Electronics (Huaian) Co., Ltd. Huangshi Topoint Technology Co., Ltd. | c | Sales | 186 | - | - |
| | | | | Cost of goods sold | 6,653 | - | 1 |
| | | | | Accounts receivable - related parties | 5,097 | - | - |
| | | | | Accounts payable - related parties | 35,717 | - | - |
| 10 | Sharpoint Electronics (Huaian) Co., Ltd. | Shanghai Topoint Precision Technology Co., Ltd. | c | Accounts receivable - related parties | 32,464 | - | - |
| | | | | Cost of goods sold | 22,542 | - | 3 |
| 11 | Winpoint Electronics (Huaian) Co., Ltd. | Shanghai Topoint Precision Technology Co., Ltd. | c | Accounts payable - related parties | 2,852 | - | - |
| | | | | Cost of goods sold | 1,306 | - | - |
| | | Sharpoint Technology (Qinhuangdao) Co., Ltd. | c | Accounts payable - related parties | 155 | - | - |
| | | | | Cost of goods sold | 101 | - | - |
| 12 | Shanghai Ringpoint Nano Material Co., Ltd. | Topoint Technology Co., Ltd. | b | Accumulated depreciation | 136 | - | - |
| | | Shanghai Topoint Precision Technology Co., Ltd. | c | Accounts receivable - related parties | 8,641 | - | - |
| | | | | Cost of goods sold | 537 | - | - |
| | | | | Sales | 7,483 | - | 1 |
| | | Cosmos Technology (Kunshan) Co., Ltd. | c | Accounts receivable - related parties | 146 | - | - |
| | | | | Sales | 126 | - | - |
| 13 | Drilltek Corporation | Topoint Technology Co., Ltd. | b | Accounts payable - related parties | 12,157 | - | - |
| | | | | Sales | 484 | - | - |
| | | | | Cost of goods sold | 7,746 | - | 1 |
| | | | | General and administrative expenses | 240 | - | - |
| | | | | Inventories | 542 | - | - |
| | | | | Accounts receivable - related parties | 91 | - | - |
| 14 | Cosmos Vacuum Technology Corporation | Topoint Technology Co., Ltd. | b | General and administrative expenses | 240 | - | - |
| | | | | Accounts receivable - related parties | 11,783 | - | - |
| | | | | Accounts payable - related parties | 885 | - | - |

(Continued)

| No. (Note 1) | Company | Counterparty | Flow of Transactions (Note 2) | Transaction Details | | | |
|-----------------|--|--|-------------------------------------|---|---|--------------------------------------|---|
| | | | | Financial Statement Account | Amount (Note 5) | Transaction Terms (Note 3) | % to Consolidated Sales or Total Assets (Note 4) |
| | | Cosmos Electronic Technology (Kunshan) Co., Ltd. | c | Sales Cost of goods sold Accounts receivable - related parties Deferred credits Sales Cost of goods sold Unrealized profit Gain on disposal of property, plant and equipment | \$ 11,065 1,195 10,534 1,233 5,125 1,927 404 3 | - - - - - - - - | 2 - - - 1 - - - |
| 15 | Cosmos Electronic Technology (Kunshan) Co., Ltd. | Shanghai Topoint Precision Technology Co., Ltd. | c | Accounts receivable - related parties Sales Cost of goods sold | 28,736 34,657 6,739 | - - - | - 2 - |
| | | Shanghai Ringpoint Nano Material Co., Ltd. | c | Accounts payable - related parties Cost of goods sold | 146 126 | - - | - - |
| | | Cosmos Vacuum Technology Corporation | c | Inventories Accounts payable - related parties Sales Cost of goods sold Machinery and equipment Accumulated depreciation Cost of goods sold | 822 10,534 1,105 3,414 10,434 10,357 486 | - - - - - - - | - - - - - - - |
| 16 | H&N Technology Co., Ltd. | Cosmos Electronic Technology (Kunshan) Co., Ltd. | c | Inventories | 486 | - | - |
| 17 | Topoint Technology (Thailand) Co., Ltd | Topoint Technology Co., Ltd. | b | Accounts payable - related parties | 50 | - | - |
| 18 | Huangshi Topoint Technology Co., Ltd. | Shanghai Topoint Precision Technology Co., Ltd. | c | Accounts receivable - related parties Sales | 1,937 2,722 | - - | - - |
| | | Sharpoint Technology (Shenzhen) Co., Ltd. | c | Accounts payable - related parties | 320 | - | - |
| | | Kunshan Topoint Technology Co., Ltd. | c | Accounts receivable - related parties | 35,717 | - | - |

Note 1: Companies are numbered as follows:

- The number of Topoint Technology Co., Ltd. (“Topoint”) is “0.”
- Subsidiaries are numbered from “1” onward.

Note 2: The flow of transactions is as follows:

- From Topoint to the subsidiary.
- From the subsidiary to Topoint.
- Between subsidiaries.

Note 3: The prices and terms for related-party transactions were based on mutual agreements.

Note 4: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the period-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the year-to-date amounts to the consolidated total sales.

Note 5: Eliminated from the consolidated financial statements.

(Concluded)