

TOPOWER CO., LTD.

2024 Regular Shareholder's Meeting

Meeting Minutes

Time : June 27, 2024 (Thursday) 09:00 a.m.

Venue : No. 422, Lunziding, Lunding Village, Xinhua Dist., Tainan City
(Community Center of Lunding Village, Xinhua District)

Type of Meeting : Physical Shareholders' Meeting

Attendants: Total shares represented by shareholders present in person or by proxy were 42,488,754 shares (with 39,677,754 shares represented electronically). The attendance rate is 65.94% of the total number of 64,430,573 issued shares of the Company.

Directors present: Chung-I Lin (Chairman), Chih-Lung Lin (Director), Hui-Ling Fang (Convener of the Audit Committee, Independent Director), Cheng-Che Chiang (Independent Director), Yen-Hsun Chen (Independent Director), Yueh-Feng Chuang (Independent Director). Six members of the Board of Directors are present, which is over half of the seven seats on the board.

Attendance : Keng-Hsi Chang, CPA, DTTL Kuo-Chin Su, Lawyer, Dedo Law Firm

Chairman : Chung-I Lin, Chairman of the Board of Directors

Recorder : Chi- Chung Lin

Call the Meeting to Order : The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

I. Opening remarks by the Chairman (omitted)

The agenda for the Meeting is as follows

II. Report Items

Report No. 1 2023 Business Reports. (Please refer to Attachment)

Report No. 2 Audit Committee's Review Report on the 2023 Financial Statements
(Please refer to Attachment)

Report No. 3 Report on the 2023 Employees, Directors Bonus and Compensation
Explanation : According to Article 27 of the Articles of Incorporation of Topower Co., LTD, in 2023 , The Company set aside Employees Bonus at 1%, amounted to NT\$3,592,476 , and Directors Compensation at 0.511%, amounted to NT\$1,835,000 , all distributed in cash.

Report No. 4 Report on the 2023 Earnings Distribution

Explanation:

1. According to Article 28 of the Articles of Incorporation, the Company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors and report of such distribution shall be listed as a report item to the shareholders' meeting.
2. Distribution of cash dividends at NT\$0.5 per share, amounted to NT\$32,215,287 is distributed to shareholders from the total amount of distributable retained earnings, rounded down to the nearest dollar. Fractional shares with values less than one dollar are accumulated and recognized as the Company's other income.
3. The Proposal has been resolved by the Board of Directors; the Chairman is also authorized to set the record date, the date for payout (distribution of cash), and other related matters.

III. Ratification Items

Item1.

Proposal : 2023 Final Accounting books and Financial Statements (Proposed by the Board)

Explanation : The Company's 2023 Financial Statements and Business Reports were audited and assured by the Audit Committee and resolved by the Board of Directors. The Financial Statements are as attached. (Please refer to Attachment)

Resolution: The voting result is shown below:

Shares represented at the time of voting: 42,488,754

(including electronic votes: 39,677,754)

Voting results	Percentage of the total shares represented
Votes in favor 42,488,008 (including electronic votes 39,677,008)	99.99
Votes against 91 (including electronic votes 91)	0.00
Invalid Votes 0 (including electronic votes 0)	0.00
Votes abstained/did not vote 655	0.00

(including electronic votes 655)	
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The proposal was resolved and approved as submitted.

Item2.

Proposal : Proposal for Earnings Distribution of 2023(Proposed by the Board)

Explanation : The 2023 Earnings Distribution Table has been audited and assured by the Audit Committee and passed as a resolution by the meeting of the Board of Directors. The Profit Distribution Table is as attached (Please refer to Attachment).

Resolution: The voting result is shown below:

Shares represented at the time of voting: 42,488,754

(including electronic votes: 39,677,754)

Voting results	Percentage of the total shares represented
Votes in favor 42,488,008 (including electronic votes 39,677,008)	99.99
Votes against 91 (including electronic votes 91)	0.00
Invalid Votes 0 (including electronic votes 0)	0.00
Votes abstained/did not vote 655 (including electronic votes 655)	0.00

The proposal was resolved and approved as submitted.

IV. Discussions

Item1.

Proposal : Partial amendment to the “Articles of Incorporation.” Please proceed to discuss. (Proposal by the Board)

Explanation : To meet the future growth and development of the Company and to consider the funding needs of the investment environment, the amendment to the “Articles of Incorporation” is made. Comparison Table for Amendments to the Articles of Incorporation is as attached (Please refer to Attachment).

Resolution: The voting result is shown below:

Shares represented at the time of voting: 42,488,754

(including electronic votes: 39,677,754)

Voting results	Percentage of the total shares represented
Votes in favor 42,488,008 (including electronic votes 39,677,008)	99.99
Votes against 91 (including electronic votes 91)	0.00
Invalid Votes 0 (including electronic votes 0)	0.00
Votes abstained/did not vote 655 (including electronic votes 655)	0.00

The proposal was resolved and approved as submitted.

V. Questions and Motions : None °

VI. Adjournment ° (9:20am on the same day)

Notes : There are no shareholders' questions at this shareholders' meeting.

III. Attachments

【 Attachment 1 】 2023 Business Report

Dear ladies and gentlemen of beloved shareholders :

First, we would like to thank every shareholder's full support of the Company in the past year. On behalf of TOPOWER CO., LTD., I express our deepest respect and gratitude to every shareholder. The FY2023 stand-alone operating results and future prospect of the Company is as follows :

The operating revenues of 2023 are 2,159,806 thousand dollars, 84,146 thousand dollars less than in 2022. The operating income of 2023 is 442,900 thousand dollars, earning before tax is 353,820 thousand dollars, comprehensive income is 260,263 thousand dollars, and earnings per share is NT\$4.04, decreasing NT\$0.91 compared with 2022.

In 2023, the Company continued focusing on LED automotive lamps and other automotive electrical components in addition to reaching out to new customers, creating satisfying revenue and operating income results.

After evaluating the internal and external resources and changes in the economic environment, the Company plans its business strategy development as follows:

- I. Expanding business in Europe, the U.S., and emerging markets, enhancing exposure and marketing the value of our brand, providing the customer with more versatile and high-quality service by channel marketing and participating in international business commercial expos.
- II. Enlarging the production capacity of the automotive lamps, increasing the application of the types of automotive lamps and developing automotive-related products, integrating the advantage of the neighboring automotive and industrial clusters, providing the customer with versatile products, the high-quality and flexible production ability satisfying the customer and pushing the business of the Company to grow.
- III. Elevating the research and development ability, planning, and gradually establishing Industrialization 4.0 as the foundation of the Company's future growth.

Our Company holds the spirit and attitude of dedication, responsibility, pragmatism, and integrity, providing high-quality products and services and giving our best effort for a win-win situation for the Company and our customers. It's our mission to continuously develop new products and improve under a competitive industrial environment, and drive performance and profit growth in return of our shareholders' support. We sincerely thank all the shareholders for the support and love for the Company.

Best Wishes for good health and all the best,

TOPOWER CO., LTD. Chairman of Board of Directors : Lin, Chung-I

The operating principle, implementation overview, business plans result, budget control, profitability, and research and development status are as follows:

I. Operating Principle:

1. Continuously investing in competitive and market differentiation product lines such as LED automotive lamp modules and automotive electronic-related products.
2. Using the technical ability of electronics and optics of the Company as a foundation, elevating the integration ability of optoelectronics and mechanics to elevate high-end products

II. Implementation Overview :

The main sales product of the Company in 2023 is automotive LED modules, selling 621 thousand sets, and automotive lamps, selling 1,474 thousand sets. The automotive LED modules and automotive lamps products have turned to conservative in sales due to the overall consumer market slowdown.

III. Business Plan Result:

The operating revenues of 2023 are 2,159,806 thousand dollars, 84,146 thousand dollars less than in 2022. The operating income of 2023 is 442,900 thousand dollars, earnings before tax is 353,820 thousand dollars, comprehensive income is 260,263 thousand dollars, and earnings per share is NT\$4.04; the stand-alone operating results of 2022 and 2023 are listed as follows:

Unit : NT thousand dollars

Year Items	2023	2022	Increase (decrease) Amount	Increase and Decrease Proportion
Operating Revenues	2,159,806	2,243,952	(84,146)	(3.75%)
Operating Costs	1,619,717	1,733,310	(113,593)	(6.55%)
Operating Margin	540,089	510,642	29,447	5.77%
Operating Expenses	97,189	230,800	(133,611)	(57.89%)
Operatin Net Profit	442,900	279,842	163,058	58.27%
Non-operating income and expenses	(89,080)	117,886	(206,966)	(175.56%)
Net profit after tax	353,820	397,728	(43,908)	(11.04%)
Income tax expense	93,590	78,971	14,619	18.51%
Net Income	260,230	318,757	(58,527)	(18.36%)
Other comprehensive income	33	2,317	(2,284)	(98.58%)
Total comprehensive income	260,263	321,074	(60,811)	(18.94%)

IV. Budget Control : Not applicable, the Company has not published the financial forecast for 2023.

V. Profitability :

Items	2023	2022
Return on assets (%)	11.67	14.51
Return on equity of shareholders (%)	17.12	22.93
The Ratio of operating net income to paid-in capital (%)	68.74	43.43
The Ratio of earnings before tax to paid-in capital (%)	54.91	61.73
Net income ratio (%)	12.05	14.21
Earnings per share (dollars)	4.04	4.95

VI. Research and Development Status:

1. Research and Development Expense:

The ratio of stand-alone research and development expense to the operating expenses and operating revenues of the past two years are as follows:

Unit : NT\$ Thousand Dollar

Items	2023	2022
Research and development Expense	57,025	57,440
Ratio to operating expenses (%)	58.67	24.89
Ratio to operating revenues (%)	2.61	2.53

2. Research and Development Outcome :

The company launches high-quality automotive lamps that integrate aesthetic, energy-saving, environment-friendly, and safety standards, also developing new application techniques and automotive electronic products, integrating the market trends and providing high growth momentum for the Company's revenues.

VII. Future Developing Strategy of the Company:

To expand our business in Europe, America, and emerging markets, we will implement the sales channel deployment and participate in international trade shows to enhance our visibility and brand value. Enlarging the production capacity of the automotive lamps, increasing the application of the types of automotive lamps and developing automotive-related products, integrating the advantage of the neighboring automotive and industrial clusters, providing the customer with versatile products, the high-quality and flexible production ability satisfying the customer and pushing the business of the Company to grow. Elevating the research and development ability, planning, and gradually establishing Industrialization 4.0 as the foundation of the Company's future growth.

VIII. The impact of external competition, legislative environment, and overall operating environment :

As the global economy faces many uncertainties and risks, including: 1. The Federal Reserve System adopts a tightening monetary policy, raises interest rates and shrinks its balance sheet, and the funding environment becomes more stringent, which in turn affects the U.S. economy growth rate, causing the U.S. economy growth rate in 2023 declines compared with 2022, which will also suppress private consumption and corporate investment. 2. The Ukrainian Russian war is not over yet. 3. The ongoing disputes between the United States and China; and 4. The Arab Israeli war and other regional wars, the continued normal passage of routes in the Red Sea region has put pressure on global economy recovery.

In the coming year, the managing team commits to developing new products conforming to the market trends and continuously improving the internal operating efficiency. The Company will continue to reorganize and optimize the production lines, at the same time launching new products with more competitiveness, investing in R&D for new products in line with the developing trend of New Energy Vehicles, elevating our competitiveness as a whole, and giving back to the expectations of our shareholders and society with operating growth and profit. In the future, we plan to actively grasp the changes in the environment and stabilize the market through good interactions with our clients and supply chain manufacturers, maintaining a steady and stable attitude, seize industry opportunities, optimizing our operational capability, and continue moving forward to repay the love and support of our shareholder over the years.

Chairman:Lin, Chung-I

President:Lin, Chung-I

Chief Accountant:Kang, Chih-He

【Attachment 2】

Audit Committee's Review Report

I hereby state as follows:

This proposal is the presentation by the Board of Directors of the Company's 2023 Business Report, Financial Statements, and Earnings Distribution Proposal. Of these items, the Financial Statements have been entrusted and audited by Deloitte & Touche Taiwan, and an opinion and report have been issued on the Financial Statements.

The aforementioned proposal regarding Business Report, Financial Statements, and Earnings Distribution Proposal has been reviewed and determined to be correct and accurate by the Audit Committee. Per the regulations in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To the 2024 Shareholder's Meeting of TOPOWER CO., LTD.

Convener of Audit Committee : Hui-Ling Fang

March 15, 2024

【 Attachment 3 】 Certified Public Auditors’ Report

INDEPENDENT AUDITOR’S REPORT

To Topower Co., LTD

Opinion

We have audited the accompanying financial statements of Topower Co., LTD (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the whole year ended December 31, 2023 and 2022, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company’s financial statements for the year ended December 31, 2023 is as follows:

Authenticity of Sales Revenue Recognition

The Company’s main business is the manufacturing and sale of automotive components, electronic components, and high-end environmental power supplies. However, when comparing the gross profit margin of the top twelve sales customers between 2023 and 2022, some customers (hereinafter referred to as the key audit customers) had an increase in gross profit

margin in 2023, which had a significant impact on the overall financial statements. Therefore, the auditor has designated the authenticity of revenue recognition for these key audit customers as a key audit matter for this year.

Refer to Note 4(12) for the accounting policies regarding revenue recognition, and refer to Note 24 for the relevant disclosure of operating revenues.

The auditor has designed relevant internal control audit procedures to address the risks associated with revenue recognition based on an understanding of the internal control procedures related to sales. In addition, the auditor has obtained basic information and transaction details of the key audit customers from management and reviewed and analyzed their relevant industry background information. The auditor has also confirmed the existence of these customers by analyzing credit limits, credit conditions, actual sales, and accounts receivable turnover days. The auditor has also confirmed the completeness of transaction details, selected appropriate samples, and examined whether orders, export declarations, and payment recipients are consistent with the trading parties to understand whether there are any abnormalities in the transactions. The auditor has also investigated whether significant sales returns and allowances occurred after the period, and if so, the auditor has investigated the reasons and whether appropriate handling has been done to ensure that there is no significant misstatement in the recognition of revenue.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
Taipei, Taiwan
Republic of China
CPA Chang, Keng-Hsi

CPA Chen, Chiang-Hsuan

Securities and Futures Bureau
No.Taiwan-Financial-Securities-VI-092012
3784

Financial Supervision Commission
No.Financial-Supervisory-Securities-Auditing
-1060023872

March 15, 2024

Topower Co., LTD
BALANCE SHEETS
December 31, 2023 and 2022

In Thousands of New Taiwan Dollars

Code	Asset	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS					
1100	Cash and cash equivalents (Note 4 and 6)	\$ 493,224	21	\$ 546,541	25
1110	Financial assets at fair value through profit or loss-current (Note 4 and 7)	2,646	-	4,965	-
1136	Financial assets at amortized cost-current (Note 4, 8 and 32)	112,918	5	83,752	4
1150	Notes receivable (Note 4, 10 and 24)	12,523	-	8,228	-
1160	Notes receivable-related parties (Note 4, 10, 24 and 31)	22,759	1	13,909	1
1170	Accounts-receivable (Note 4, 10 and 24)	512,357	22	466,816	21
1180	Accounts receivable-related parties (Note 4, 10, 24 and 31)	7,959	-	4,922	-
1200	Other receivables-related parties (Note 4 and 10)	2,346	-	798	-
1310	Inventories (Notes 4 and 11)	181,495	8	184,887	8
1410	Prepayments (Notes 12)	16,502	1	17,330	1
1479	Other current assets	7,344	-	4,159	-
11XX	Total current assets	<u>1,372,073</u>	<u>58</u>	<u>1,336,307</u>	<u>60</u>
NON-CURRENT ASSETS					
1517	Financial assets at fair value through other comprehensive income-noncurrent(Note 4 and 9)	2,924	-	2,924	-
1600	Property, plant and equipment (Notes 4 and 13)	596,681	25	528,801	24
1755	Right-of-use assets (Notes 4 and 14)	16,245	1	23,422	1
1760	Investments property (Notes 4 and 15)	52,156	2	52,785	2
1780	Other intangible assets (Notes 4 and 16)	1,296	-	2,356	-
1840	Deferred income tax assets (Notes 4 and 26)	15,720	1	24,787	1
1975	Net defined benefit assets (Notes 4 and 22)	9,422	-	9,232	1
1990	Other non-current assets (Notes 4, 17 and 31)	300,471	13	249,599	11
15XX	Total non-current assets	<u>994,915</u>	<u>42</u>	<u>893,906</u>	<u>40</u>
1XXX	TOTAL	<u>\$ 2,366,988</u>	<u>100</u>	<u>\$ 2,230,213</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term loans (Notes 18)	\$ 255,000	11	\$ 290,000	13
2130	Contract liabilities (Notes 4 and 24)	1,255	-	1,122	-
2150	Notes payable (Notes 19)	-	-	116	-
2170	Accounts payable (Notes 19)	209,219	9	163,248	7
2180	Accounts payable-related parties (Note 19 and 31)	185,315	8	134,831	6
2219	Other payables (Notes 20 and 31)	68,135	3	60,025	3
2250	Provisions for liabilities-current (Notes 4 and 21)	24,077	1	36,199	2
2280	Lease liabilities-current (Note 4, 14 and 31)	9,415	-	9,519	-
2230	Current income tax liabilities (Notes 4 and 26)	34,205	1	46,908	2
2300	Other current liabilities	1,130	-	1,110	-
21XX	Total current liabilities	<u>787,751</u>	<u>33</u>	<u>743,078</u>	<u>33</u>
NON-CURRENT LIABILITIES					
2570	Deferred income tax liabilities (Notes 4 and 26)	1,885	-	1,850	-
2580	Lease liabilities-noncurrent (Note 4, 14 and 31)	7,176	1	14,302	1
2645	Guarantee deposits	628	-	628	-
25XX	Total non-current liabilities	<u>9,689</u>	<u>1</u>	<u>16,780</u>	<u>1</u>
2XXX	Total liabilities	<u>797,440</u>	<u>34</u>	<u>759,858</u>	<u>34</u>
EQUITY (Note 23)					
3110	Share Capital-Common stock	644,306	27	644,306	29
3200	Capital surplus	14,878	1	14,872	1
Retained earnings					
3310	Legal reserve	197,123	8	165,137	7
3320	Special reserve	3,950	-	5,166	-
3350	Unappropriated earnings	713,241	30	644,824	29
3400	Other components of equity	(3,950)	-	(3,950)	-
3XXX	Total equity	<u>1,569,548</u>	<u>66</u>	<u>1,470,355</u>	<u>66</u>
TOTAL		<u>\$ 2,366,988</u>	<u>100</u>	<u>\$ 2,230,213</u>	<u>100</u>

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

Chairman : Lin, Chung-I

Manager : Lin, Chung-I

Accounting Manager : Kang, Chih-He

Topower Co., LTD
STATEMENTS OF COMPREHENSIVE INCOME
Year 2023 and 2022

		In Thousands of New Taiwan Dollars, Except Earnings Per Share			
Code		2023		2022	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 4, 24 and 31)	\$ 2,159,806	100	\$ 2,243,952	100
5000	OPERATING COSTS (Notes 4, 11, 25 and 31)	(1,619,717)	(75)	(1,733,310)	(77)
5900	GROSS PROFIT	<u>540,089</u>	<u>25</u>	<u>510,642</u>	<u>23</u>
	OPERATING EXPENSE (Notes 4, 10, 25 and 31)				
6100	Selling expenses	60,078	3	58,722	3
6200	Administrative expenses	48,188	2	46,536	2
6300	Research and development	57,025	3	57,440	2
6450	Expected credit losses	(68,102)	(3)	(68,102)	3
6000	Total operating expenses	<u>97,189</u>	<u>5</u>	<u>230,800</u>	<u>10</u>
6900	OPERATING INCOME	<u>442,900</u>	<u>20</u>	<u>279,842</u>	<u>13</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 25 and 31)				
7100	Interest income	20,045	1	6,235	-
7010	Other income	7,385	-	6,030	-
7020	Other gains and losses	(106,614)	(5)	107,984	5
7050	Finance costs	(9,896)	-	(2,363)	-
7000	Total non-operating income and expenses	<u>(89,080)</u>	<u>(4)</u>	<u>117,886</u>	<u>5</u>
7900	EARNINGS BEFORE TAX	353,820	16	397,728	18
7950	INCOME TAX EXPENSE (Notes 4 and 26)	(93,590)	(4)	(78,971)	(4)
8200	NET INCOME	<u>260,230</u>	<u>12</u>	<u>318,757</u>	<u>14</u>

(Continued)

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22, 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	\$ 42	-	\$ 735	-
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	-	-	1,789	-
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently	(9)	-	(207)	-
8300	Total other comprehensive income (loss), net of income tax	<u>33</u>	-	<u>2,317</u>	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 260,263</u>	<u>12</u>	<u>\$ 321,074</u>	<u>14</u>
	EARNINGS PER SHARE (Note 27)				
9710	Basic earnings per share	<u>\$ 4.04</u>		<u>\$ 4.95</u>	
9810	Diluted earnings per share	<u>\$ 4.04</u>		<u>\$ 4.94</u>	

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

Chairman : Lin, Chung-I

Manager : Lin, Chung-I

Accounting Manager : Kang, Chih-He

Topower Co., LTD
STATEMENTS OF CHANGES IN EQUITY
January 1st to December 31st, 2023 and 2022

In Thousands of New Taiwan Dollars

Code		Capital Stock	Capital Surplus	Retained Earnings		Unappropriated Earnings	Others	Total Equity
				Legal capital reserve	Special capital reserve		Unrealized Gain (Loss) on Financial	
							Through Other Comprehensive Income	
A1	BALANCE, JANUARY 1, 2022	\$ 644,306	\$ 14,852	\$ 142,099	\$ 5,131	\$ 509,115	(\$ 5,166)	\$ 1,310,337
	Appropriations of 2021 earnings (Note 23)							
B1	Provision of legal reserve	-	-	23,038	-	(23,038)	-	-
B3	Provision of special reserve	-	-	-	35	(35)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(161,076)	-	(161,076)
	Changes in other capital surplus							
C17	Shareholders fail to claim dividends overdue	-	20	-	-	-	-	20
D1	Net income of 2022	-	-	-	-	318,757	-	318,757
D3	Other comprehensive income (loss), net of income tax of 2022	-	-	-	-	588	1,729	2,317
D5	Total comprehensive income (loss) of 2022	-	-	-	-	319,345	1,729	321,074
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 9)	-	-	-	-	513	(513)	-
Z1	BALANCE, DECEMBER 31, 2022	644,306	14,872	165,137	5,166	644,824	(3,950)	1,470,355
	Appropriations of earnings of 2022 (Note 23)							
B1	Provision of legal reserve	-	-	31,986	-	(31,986)	-	-
B17	Reversal of special reserve	-	-	-	(1,216)	1,216	-	-
B5	Cash dividends to shareholders	-	-	-	-	(161,076)	-	(161,076)
	Changes in other capital surplus							
C17	Shareholders fail to claim dividends overdue	-	6	-	-	-	-	6
D1	Net income of 2023	-	-	-	-	260,230	-	260,230
D3	Other comprehensive income (loss), net of income tax of 2023	-	-	-	-	33	-	33
D5	Total comprehensive income (loss) of 2023	-	-	-	-	260,263	-	260,263
Z1	BALANCE, DECEMBER 31, 2023	\$ 644,306	\$ 14,878	\$ 197,123	\$ 3,950	\$ 713,241	(\$ 3,950)	\$ 1,569,548

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

Chairman : Lin, Chung-I

Manager : Lin, Chung-I

Accounting Manager : Kang, Chih-He

Topower Co., LTD
STATEMENTS OF CASH FLOWS
January 1st to December 31st, 2023 and 2022

In Thousands of New Taiwan Dollars

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Earnings before tax	\$ 353,820	\$ 397,728
A20010	Income expense item		
A20100	Depreciation expense	164,386	121,993
A20200	Amortization expense	1,060	808
A20300	Expected credit losses	(68,102)	68,102
A20400	Loss (gain) on financial instruments at fair value through profit or loss	701	(27)
A20900	Finance costs	9,896	2,363
A21200	Interest income	(20,045)	(6,235)
A22500	Loss (gain) on disposal of property, plant and equipment	(58)	-
A23700	Impairment loss on property, plant and equipment	968	-
A24100	Loss (gain) on foreign exchange	20,107	(30,111)
A29900	Profit from lease modification	(8)	-
A29900	Reduce inventory to market	1,722	3,281
A29900	Provision for liabilities	4,256	27,102
A30000	Changes in operating assets and liabilities		
A31115	Financial assets compulsory at fair value through profit or loss	1,637	-
A31130	Note receivables	(4,295)	6,450
A31140	Note receivables-related parties	(8,850)	10,996
A31150	Account receivables	3,198	57,393
A31160	Account receivables-related parties	(3,037)	5,007
A31180	Other receivables	245	(245)
A31200	Inventories	1,670	(937)
A31230	Prepayments	828	2,283
A31240	Other current assets	(3,185)	2,897
A32125	Contract liabilities	133	(123)
A32130	Notes Payable	(116)	-
A32150	Accounts payable	46,076	(38,430)
A32160	Accounts payable-related parties	50,484	(218,221)
A32180	Other payable	10,506	(8,789)
A32200	Provision for liabilities	(16,378)	(1,732)
A32230	Other current liabilities	20	(45)
A32240	Net defined benefit assets	(148)	(36)
A33000	Cash generated from operations	547,491	401,472
A33100	Interest received	18,252	6,278

(Continued)

(Continued)

Code		2023	2022
A33300	Interest paid	(\$ 9,902)	(\$ 2,024)
A33500	Income tax paid	(<u>97,200</u>)	(<u>109,095</u>)
AAAA	Net cash generated by operating activities	<u>458,641</u>	<u>296,631</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00020	Disposal of financial assets at fair value through other comprehensive income (Note 9)	-	437
B00040	Acquisition of financial assets measured at amortized cost	(29,166)	(83,752)
B02700	Acquisitions of Property, plant and equipment	(226,096)	(259,578)
B02800	Disposal of Property, plant and equipment	593	-
B03700	Refundable deposits paid	708	(220)
B04500	Acquisitions of other intangible assets	-	(1,880)
B07100	Decrease (increase) in advance payment for equipment	(<u>51,580</u>)	<u>22,102</u>
BBBB	Net cash used in investing activities	(<u>305,541</u>)	(<u>322,891</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase (decrease) in short-term loans	(35,000)	140,000
C03000	Guarantee deposit received increased	-	22
C04020	Repayment of the principal portion of lease liabilities	(9,439)	(9,606)
C04500	Cash dividend	(161,076)	(161,076)
C09900	Dividends not claimed by shareholders overdue	<u>6</u>	<u>20</u>
CCCC	Net cash generated by (used in) financing activities	(<u>205,509</u>)	(<u>30,640</u>)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(908)	<u>31,245</u>
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(53,317)	(25,655)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>546,541</u>	<u>572,196</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 493,224</u>	<u>\$ 546,541</u>

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

Chairman : Lin, Chung-I

Manager : Lin, Chung-I

Accounting Manager : Kang, Chih-He

【 Attachment 4 】

TOPOWER CO., LTD.
Earnings Distribution Table
Year 2023

	(Unit: NTD\$)
Beginning Unappropriated Retained Earnings	452,976,633
2023 Net Income	260,230,076
An effort to ascertain the amount of remeasuring of the fringe benefit programs recognized in retained earnings	34,090
Legal Reserve (10%)	(26,026,417)
Distributable Retained Earnings	687,214,382
Distributed Items :	
Share Dividend to shareholders - NT\$0 per share	0
Cash Dividend to shareholders - NT\$0.5 distributed per share (note)	(32,215,287)
Accumulated Unappropriated Retained Earnings	654,999,095

Note: Allocation of 2023 retained earnings of the Company in priority.

Chairman : Lin, Chung-I President : Lin, Chung-I Chief Accountant : Kang, Chih-He

TOPOWER CO., LTD.
Comparison Table for Partial Amendments to the “Articles of Incorporation”

Article After Amendment	Article Before Amendment	Explanation
<p>Article 28:If there are surplus earnings before tax upon the final settlement of account of each fiscal year, the Company shall, accrue income tax payable first, offset any previous accumulated losses, and then set aside ten percent of such profits as a legal reserve. However, when the legal reserve equals to the paid-in capital, the Company may decide stop setting aside the legal reserve. After set aside legal reserve, the Company may doing so on the Company’s discretion or reserve or reverse the special reserve in accordance with relevant regulations or as requested by the authorities in charge, The remaining net profit, and the beginning unappropriated earnings shall be distributed into dividends to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders’ meeting for approval.</p> <p>When the Company distributes preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized to be made after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition, a report of such distribution shall be submitted to the shareholders’ meeting.</p>	<p>Article 28:If there are surplus earnings before tax upon the final settlement of account of each fiscal year, the Company shall, accrue income tax payable first, offset any previous accumulated losses, and then set aside ten percent of such profits as a legal reserve. However, when the legal reserve equals to the paid-in capital, the Company may decide stop setting aside the legal reserve. After set aside legal reserve, the Company should reserve or reverse the special reserve in accordance with relevant regulations or as requested by the authorities in charge, or may doing so on the Company’s discretion. The remaining net profit, if any , plus the beginning unappropriated earnings shall be distributed into dividends to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders’ meeting for approval.</p> <p>When the Company distributes preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized to be made after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition, a report of such distribution shall be submitted to the shareholders’ meeting.</p>	<p>Text revision in accordance with the Company Act and relevant laws and regulations.</p>

Article After Amendment	Article Before Amendment	Explanation
<p>Article 29:<u>In order to pursue sustainable development , stable growth and a sound financial structure in the future</u>, the company will depending on the company’s operating situation <u>and capital planning, formulate a surplus distribution proposal and submit it to the shareholder’s meeting for resolution on distribution</u>. The distributed dividend in the form of cash shall not be less than 30% of the total amount of dividend allocable in the year.</p>	<p>Article 29:The Company,upon considering factors such as future funding needs, financial structure, and profits,for the purpose of sustainable management and steady company growth, in the future, the Dividends ofthe Company will depend on the Company’s operation situation, the total distributed dividends shall not be less than 10% of the amount which the distributable retained earnings deducts beginning accumulated unappropriated retained earnings, except when the distributable retained earnings are lower than 5% of the paid in capital, the Company may decide not to distribute any dividends.The distributed dividend in the form of cash shall not be less than 30% of the total amount of dividend allocable in the year.</p>	<p>In accordance with the future development of the Company and Sound financial structure needs, the related Articles is amended.</p>
<p>Article 31:These Articles of Incorporation were agreed to and signed on September 4, 1986. The 1st Amendment was made on November 25, 1986, ~ and so forth The 25th Amendment was made on June 14, 2022 The 26th Amendment was made on June 16, 2023 <u>The 27th Amendment was made on June 27, 2024</u></p>	<p>Article 31:These Articles of Incorporation were agreed to and signed on September 4, 1986. The 1st Amendment was made on November 25, 1986, ~ and so forth The 25th Amendment was made on June 14, 2022 The 26th Amendment was made on June 16, 2023</p>	<p>The date of the amendment is added.</p>